

NORWAY'S PENALTY KICK BEATS BRAZIL



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TODAY: STAGE

Unemployment Jumps to Record In South Korea

Rate Hits 7% as Government Increases Pressure on Insolvent Companies to End Operations

By Don Kirk
International Herald Tribune

SEOUL — With nearly 2,000 people losing jobs every day, South Korea's unemployment rate has soared to a record 7 percent of the work force, or 1.49 million people, the government reported Tuesday.

More than 2 million people are likely to be out of work by the end of the summer, according to projections by the National Statistical Office, as some of the country's largest companies make good on promises to cut losses by laying off workers.

Unemployment has risen from 658,000 people in December, when the International Monetary Fund

North Korean submarine sinks in South. Page 6.

assembled a package of nearly \$60 billion in loans to rescue the economy, to 1,492,000 at the end of May, the report said.

The number of people losing jobs is certain to rise sharply as the government pressures insolvent companies to go out of business, get rid of money-losing divisions or merge with competitors. One example is Hyundai Motor Co., which has said it wants to lay off 8,000 of its more than 40,000 workers while reducing production on most assembly lines to one shift a day.

President Kim Dae Jung increased the pressure recently when he ordered the Financial Supervisory Commission and creditor banks to draw up a list of companies that should no longer receive credit. Virtually no major firms were on the final list of 55 companies, but the commission was expected to add more names to the list in the next few weeks.

Analysts said they believed, however, that the government was trying to force small and medium-size companies to bear most of the pressure for fear of confronting strong union pressure at large companies controlled by the chaebol, or conglomerates. The Korean Confederation of Trade Unions has organized walkouts at Hyundai Motor Co. and other major manufacturers, demanding, among other things, increased unemployment and welfare benefits.

The government's apparent strategy is to keep the bigger chaebol afloat and let the smaller companies go down," said Hank Morris, a longtime business consultant here. "The brunt of the fall in employment is being taken by small and medium-size companies. The

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Boris Yeltsin greeting Sergei Kiriyenko before a cabinet meeting Tuesday on the economic crisis and IMF talks. Mr. Yeltsin said radical measures were needed to shore up state finances.

Yeltsin Sounds Financial Alarm

He Implores Parliament to Adopt New Tax Code Quickly

By David Hoffman
Washington Post Service

MOSCOW — Faced with intensifying pressure on the ruble, President Boris Yeltsin warned Tuesday that the country's finances were in an "alarming" condition and implored Parliament to enact a new tax code in the next few weeks, threatening to impose it by unilateral decree.

Mr. Yeltsin and Prime Minister Sergei Kiriyenko adopted some of the toughest language of recent months in an appearance before government bureaucrats and members of Parliament to unveil yet another plan to shore up Russia's hemorrhaging state finances, which have triggered recent waves of investor panic and flight. Russia has also been buffeted by the Asian financial crisis and the collapse in world oil prices.

Many of the proposals outlined Tuesday were not new, but the tone was apocalyptic. "If the state does not learn to collect taxes," Mr. Kiriyenko said, "it will cease to exist."

Among other things, he said that Russia could get by with only one type of strategic nuclear missile in the future, rather than three. Mr. Yeltsin warned of "dangerous" social tensions over unpaid wages.

Mr. Kiriyenko vowed to crack down on illegal alcohol imports, cancel tax breaks, allow regions to raise their own levies, shift the burden of taxes from industry to consumers, and cut state spending further.

The tough talk came as Russian officials continued negotiations with the International Monetary Fund on a possible \$10 billion to \$15 billion stabilization package

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AIDS Is on Course To Ravage Africa

UN Agency Issues Grim Report: Some Areas Face 25% Infection

By Lawrence K. Altman
New York Times Service

GENEVA — AIDS is hitting Africa so fiercely that it now rivals history's greatest and deadliest epidemics — plague in the Middle Ages and influenza in 1918-1919, United Nations officials said Tuesday.

They also said the AIDS epidemic would worsen before it improved.

The overwhelming majority of the 30 million people infected with HIV, the virus that causes AIDS, are doomed to die because they live in countries that cannot provide adequate health care.

National leaders will have to take tougher stands than they have in the past to institute effective prevention programs, which take many years to get into full gear, the UN officials said.

At a news conference here, UNAIDS officials painted one of the gloomiest pictures of the HIV epidemic since it was first recognized in 1981.

HIV now infects one in four adults in two African countries, Botswana and Zimbabwe. HIV infection rates exceed one-third of the adults in some major African cities and reach 70 percent of women tested in prenatal clinics. Many infected women pass the virus on to their babies.

Countries south of the Sahara account for the world's 21 highest rates of HIV among adults aged 15 to 49, the most sexually active segment of the population. In 13 of the countries, HIV has infected at least 10 percent of adults.

South Africa, Namibia and other countries could soon reach a 25 percent adult infection rate unless national leaders initiate strong prevention programs similar to those in Senegal, Tanzania, Thailand, and Uganda, UN officials said.

Worldwide, 5.6 million people were infected last year, while 2.3 million died from AIDS. Of the 30 million people living with HIV, 21 million are in Africa and 90 percent do not know they are infected because testing is not widely

available. Nearly all are doomed to die from AIDS because few can afford basic care, including the costly combinations of drugs that have helped keep the virus in check among HIV-infected people in developed countries.

AIDS is now on the verge of moving into the top five leading causes of death in the world, overtaking diarrheal diseases. AIDS kills as many people as malaria, and is second only to tuberculosis. But tuberculosis is a common complication of AIDS.

The African figures compare to a worldwide adult HIV infection rate of 1 percent for adults. The rate is 0.76 percent in the United States and 0.33 percent in Canada.

The figures come from the first country-by-country analysis of the global AIDS epidemic that UNAIDS released ahead of the 12th international AIDS conference that begins here Sunday. The UNAIDS program is run by several United Nations agencies, the World Health Organization and the World Bank.

Dr. Peter Piot, head of the UNAIDS Program; Bernhard Schwartlander, the UN epidemiologist who led the analysis; and Dr. David Heymann, a WHO official, all said in separate interviews that the new report provides convincing evidence that AIDS rivals the great epidemics of history.

Plague, the Black Death of the Middle Ages, killed 20 million people, or one-quarter of Europe's population, in four years. In 1918-1919, a worldwide influenza epidemic killed 20 million people.

Plague and influenza can kill in days, but death from untreated AIDS can take a decade.

AIDS is a more silent epidemic, Dr. Piot said, because the massive, long-term mortality from AIDS has less of a visible impact on society than the sudden deaths of the plague and influenza type epidemics.

See AIDS, Page 4

Soccer Violence Casts a Cloud Over Germany

By Alan Cowell
New York Times Service

BONN — For most Germans, the World Cup soccer tournament is one of those few occasions when national pride may parade itself unfettered by the Nazi past, a joust of nations made innocent by sport.

So, when German soccer hooligans and neo-Nazis rioted Sunday in a northern French town, leaving a French policeman near death with serious head injuries, it was as if a very dark cloud had come from nowhere.

Chancellor Helmut Kohl called the violence outside the Germany-Yugoslavia game in Lens "the nation's shame." A senior soccer official wept before television cameras and said he had thought about just going home. "This is the darkest hour of my life," said Egidius Braun, president of the German Soccer Federation.

Some suggested that the entire German squad should pack its bags — an idea warmly rejected by Bertie Vogts, the national coach. "This had nothing to do with the team," he said.

Before the tournament started, police in Europe rounded up scores of suspected Islamic militants thought to be planning to disrupt the World Cup. But, said one commentator, Eberhard Seidel-Pielen, in Berlin, "the peace was less threatened by the Islamists than by the fundamentalism springing from European societies. And this fundamentalism — this is especially relevant for Germany — is invariably stamped with racism and Nazism."

See HOOLIGANS, Page 24



On to Round 2: Chile, Italy, Norway and Brazil

Ivan Zamorano of Chile stopping the ball during a Group B match Tuesday with Cameroon in Nantes. In other action on Tuesday, Italy beat Austria, and Morocco defeated Scotland. Brazil qualified in spite of its loss to Norway, 2-1. Pages 24-25.

Personal Freedom Blossoming in China

As Government Interference Wanes, More Choices Are Open to Citizens

By Seth Faison
New York Times Service

SHANGHAI — At a kitchen table strewn with glossy fashion magazines, Lucy Lu sat with her boyfriend, Tony Yao, and talked about what it is like to live together without being married, an arrangement rarely allowed in China until recently.

"My mother used to bug me about it, but nobody else seems to care," said Ms. Lu, a 26-year-old real estate agent.

"As long as we pay the rent," Mr. Yao cut in, laughing. "A few years ago the landlord here would not let a couple

like us live here, at any price. Today, he just wants to collect the rent."

More than being a symbol of sexual revolution, this young couple is a signal of a growing realm of personal freedom

Beijing makes it clear that Taiwan is key issue of summit. • 3 Radio Free Asia journalists barred. Page 7.

in China, where ordinary people now make choices about travel, work, study and love with less government interference than at any time in the nearly 50 years since the People's Republic was

established. With President Bill Clinton arriving in China on Thursday, critics of the administration's policy of engagement point to the lack of political freedom in a country still governed by the Communist Party, which keeps it a place where political persecution, censorship and a secretive and authoritarian leadership are as entrenched as ever.

Only the public side of life, however, remains so tightly restricted in China. The private side of life here is quite different, as Mr. Clinton would see if he could shed his 1,000-member entourage

See CHINA, Page 4

On Ivory Coast Farms, Echoes of Slavery

By Howard W. French
New York Times Service

BOUAFLE, Ivory Coast — Ibrahim Diarra had no idea what city he was in when he straggled into the courtyard of the elderly man from his native Mali recently.

The man offered Mr. Diarra, 23, and three teenage friends shelter after their escape from a nightmare.

Wet from the rain, exhausted and famished, all he knew was that he had just spent four months working on a plantation somewhere in Ivory Coast in a job that bore a strong resemblance to slavery

and that on this morning, after his second attempt to get away, he was free.

Throughout his bondage, Mr. Diarra said, he was sent out at daybreak each morning, seven days a week, to work fields planted with corn and cotton.

Under the stern gaze of an overseer, he and other workers there had to weed row after row of the crops planted in the dark, rich soil with their simple hoes and carry countless sacks of harvested crops the five kilometers back to the farmhouse. When they were thirsty they had to fetch water from a distant well.

The only break came in the evenings, when they were allowed to return to

their camp for the only meal of the day — invariably a thin corn porridge — and then were locked inside their mud-walled pillbox shelter, where they were kept under guard until sunrise.

"I once told the boss I couldn't do this work anymore," Mr. Diarra said, "and I fled the next day. But they quickly caught me, stripped me naked, tied my hands and made me sit in the open under the sun all day. Some of the others who tried to escape were whipped in front of the rest of us until they bled badly."

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AGENDA

'Basis' for New Inquiry on Machel Death

JOHANNESBURG (Reuters) — South Africa's Truth Commission said Tuesday that it had gathered enough new evidence to justify a new official inquiry into the plane crash that killed the Mozambican president, Samora Machel, in 1986.

"There is a basis to reopen the case

into the crash," the panel's chief investigator, Dumisa Ntsebeza, said after hearing evidence from Mr. Machel's widow, Graca. "Our investigation gives a suggestion that elements in the South African Defense Force were not uninvolved in the very suspicious events that led to the crash."

Prodi Averts a Crisis

The government of Prime Minister Romano Prodi of Italy averted a crisis Tuesday when it won crucial parliamentary support in favor of enlarging NATO, thanks to the votes of a small centrist opposition party. Page 5.

The Dollar

New York	Tuesday @ 4 P.M.	previous close
DM	1.8018	1.794
Yen	139.35	138.06
FF	6.0395	6.015
Pound	1.6678	1.6735

The Dow

Tuesday close	percent change
+117.33	+1.35%
S&P 500	
+16.31	+1.48%
Nasdaq	
+38.72	+2.14%

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A Telltale Trace of Iraqi Gas

Finding on Warhead Fragments Contradicts Baghdad's Claim

By Jim Hoagland
and Vernon Loeb
Washington Post Service

WASHINGTON — United Nations weapons inspectors have uncovered evidence that Iraq put deadly VX nerve gas into missile warheads before the 1991 Gulf War, contradicting claims by the Iraqi government that it was unable to make a weapon using the volatile nerve agent, according to official documents and diplomatic sources.

The new evidence is contained in a confidential U.S. Army laboratory analysis completed on June 10 of warhead fragments recovered in March by United Nations inspectors from a de-

struction pit at Taji, Iraq. Swabs from the warheads were analyzed for the United Nations at the Aberdeen Proving Ground in Maryland, which reported finding significant amounts of VX disulfide and stabilizer in the samples.

The laboratory results appear to confirm an account by a defecting Iraqi general and suspicions long harbored by technical experts that Iraq succeeded a decade ago in stabilizing and weaponizing VX gas, a few drops of which can kill a human in minutes.

Iraq's ability to add VX to its missile arsenal would significantly expand the lethal capacity of a chemical attack on

See IRAQ, Page 4

Newsstand Prices	
Andorra.....	10.00 FF
Ankara.....	12.50 FF
Antilles.....	12.50 FF
Cameroon.....	1.600 CFA
Cape Verde.....	12.50 FF
Egypt.....	10.00 FF
France.....	1.100 CFA
Gabon.....	2.800 CFA
Germany.....	2.25 DM
Italy.....	1.250 DM
Jordan.....	1.250 JD
Kuwait.....	700 Fils
Lebanon.....	11.300 L.L.
Morocco.....	16 Dh
Oman.....	10.00 QR
Qatar.....	12.50 FF
Réunion.....	12.50 FF
Saudi Arabia.....	10 SR
Senegal.....	1.100 CFA
Spain.....	225 Ptas
Tunisia.....	1.250 Dn
U.A.E.....	10.00 Dh
U.S. (Eur).....	\$1.20



Living in the Rubble / Israeli Authorities Cite Lack of Building Permits

Demolition of Arabs' Houses Increasing

By Joel Greenberg
New York Times Service

KHIRBET KILKES, West Bank — On a sunbaked hill outside Hebron, a Palestinian family lives in a tent beside the rubble of its house, which has been demolished for the third time, after Israeli authorities denied the family a building permit.

Surrounded by broken furniture, smashed household goods and other wreckage, the parents, Zahur and Youssef Atrash, and their 10 children live in sweltering heat without running water or a toilet. They drink water from a tanker truck that serves nearby Palestinian communities. Their water well was demolished along with the house.

"This is what Netanyahu has left us," Mrs. Atrash said, waving toward a roofless floor where upturned car seats were arranged around an Arab water pipe under the jagged remains of a wrecked ceiling. "We're living like cave men, in a garage dump."

In Jewish settlements that flank the roads to Hebron rows of new stone houses are sprouting on the rocky hills and there is enough water to sprinkle gardens among the red-shingled houses.

But demolitions of Arab houses in the West Bank and East Jerusalem have sharply increased in recent weeks, leaving scores of people homeless because their dwellings lacked building permits. The policy seems to be aimed at consolidating Israel's hold on East Jerusalem and on areas of the West Bank that Prime Minister Benjamin Netanyahu's government seeks to keep.

The State Department spokesman, James Rubin, has called the demolitions a wrong signal at a time when efforts to restart stalled peace talks between Israel and the Palestinians have reached a delicate stage. The Clinton administration is reportedly pressing for a suspension of further demolitions as part of a deal to renew the negotiations.

THE PACE OF destruction has picked up sharply this month, with 23 Arab houses wrecked so far on the grounds that they were built without permits, according to the Israeli group Peace Now, which monitors the demolitions.

The Israeli military government in the West Bank, the Civil Administration, said that it had destroyed 80 illegally built Arab houses this year and that additional hundreds were scheduled for demolition. Last year, 171 were wrecked, according to official figures.

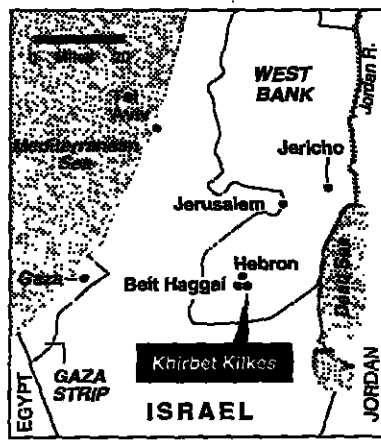
To Mr. and Mrs. Atrash, the flourishing Israeli settlements a few miles from their encampment may as well be on another planet. The construction of a school building in their hamlet was halted by the Civil Administration for lack of a permit. The Atrashes' children walk three miles (five kilometers) to the nearest school.

Their neighbor Abdel Majid Abu Turki was



Rita Casanovi/The New York Times

"All we want is to live in peace and security like they do in Tel Aviv," says Mrs. Atrash, above. "We have the right to breathe the air and drink the water just like Netanyahu and his children, like Israelis and their children."



killed last week as he walked back from his field, clucked on the head from a passing van by Jewish teenagers living in the neighboring settlement of Beit Hagga.

Mr. Abu Turki was walking on a road to the settlement that was paved on his family's land.

Now Mr. and Mrs. Atrash are preoccupied with obtaining a permit that will finally enable them to have a roof over their heads. Three times the Atrashes built their house as their family grew, even though their request for a permit was refused. Three times the house was torn down by Israeli bulldozers.

Family members resisted the last two demoli-

tions, struggling with Israeli soldiers, who beat and dragged them off.

Worn down by the confrontations, the Atrashes are awaiting for a reply to another request.

"All we want is to live in peace and security like they do in Tel Aviv," Mrs. Atrash said. "We have the right to breathe the air and drink the water just like Netanyahu and his children, like Israelis and their children. It's not asking too much from Netanyahu to give us a permit."

But the battle over the house is part of the broader conflict between Israel and the Palestinians over control of land in the West Bank. Peace efforts are deadlocked over the scope of a further Israeli troop withdrawal that would turn over additional territory to the Palestinian Authority.

THE ATRASHES, who live in a zone under Israeli control, hope that a possible pull-back from their area will enable them to build their house free of restrictions imposed by the military government.

A spokesman for the Civil Administration, Lieutenant Peter Lerner, indicated that the Israelis were trying to curb the spread of Arab construction in areas under Israel's control and those that it would most likely claim in negotiations.

"Any building outside the planning schemes is not an option," Lieutenant Lerner said, adding that the Israeli-controlled zones had to be kept "as open as possible."

Besides, he said, the Atrashes had failed to prove ownership of the land that they had built on and had lost a petition to the Israeli Supreme Court. The area had been designated as agricultural land and the house overlooks the bypass road leading to Beit Hagga.

"If people build there it won't be a bypass road," Lieutenant Lerner said. "This is a court ruling that has to be carried out, like law-enforcement agencies do anywhere else in the world."

The Atrashes assert that they built on land that has been theirs for generations, noting that the house was standing when the Israelis built the bypass and that the structure was far enough from the road to meet regulations.

U.S. Withdraws a Drug, Raising Approval Issue

By Sheryl Gay Stolberg
New York Times Service

WASHINGTON — For the second time in two weeks, the Food and Drug Administration has taken the rare step of pulling a prescription drug off pharmacy shelves, a move that is renewing questions about whether the agency's new emphasis on speeding up drug approvals is allowing unsafe medicines to reach patients.

The drug, Duract, a painkiller manufactured by Wyeth-Ayerst Laboratories of St. Davids, Pennsylvania, has caused a dozen cases of serious liver failure since it went on the market last July, including those of four patients who died and eight who required liver transplants.

All cases involved patients who took the drug for longer than the recommended 10 days.

The agency and the company are advising patients who have been taking Duract for longer than 10 days to stop immediately; patients who are using the medication should consult their doctors.

The announcement Monday was the third time in nine months that the food and drug agency removed a new medicine for safety reasons. On June 8, the high blood pressure medication Posicor was banned because it turned out to be potentially lethal when used in combination with a long list of other drugs. Last September, the diet drug Redux was taken off the market, along with its close cousin, fenfluramine, when both were implicated in heart valve problems.

"This is the worst record we have ever had — it's unprecedented," said Thomas Moore, a senior fellow in health policy at George Washington University Medical Center who studies drug safety. "I believe we are paying the wages of the one-sided debate that we have had in this country that the speed of FDA approval is the only issue."

It is extremely unusual for the FDA, which is widely regarded as the most safety-conscious consumer protection agency in the world, to have to withdraw a drug once it has been approved. Including the most recent withdrawals, there have been only six such withdrawals in the past decade, according to Murray Lumpkin, deputy director of the agency's Center for Drug Evaluation and Research.

In recent years, however, the agency has been under intense pressure from congressional Republicans to speed up its drug approval process, and it has given its imprimatur to a record number of new drugs, 92, over the past two years. That fast-track approval process has been financed in large part by the pharmaceutical industry, which gave the FDA \$327 million in user fees between 1992 and 1997. The money was used to hire 600 employees to review drug applications.

Proponents of the fast-track system argue that it is necessary to bring life-saving therapies to patients who desperately need them.

However, Mr. Lumpkin estimates that only 20 percent of the new medicines approved fall into the category of breakthrough drugs. The rest, including Duract and Posicor, are what is known as "me-too drugs," medicines that treat disorders for which there are already plenty of approved therapies, leaving critics to wonder why they are allowed on the market in the first place.

"The agency has been put under too much pressure to approve more drugs faster, whether they are needed or not," said Larry Sasich, a pharmacist for Public Citizen's Health Research Group, a Washington advocacy organization. "This is the price that the American public is paying for believing that

FDA was keeping life-saving medicines out of the hands of the American public, which is simply not true."

Mr. Lumpkin, however, defended the agency, saying the review of Duract took nearly three years and was extremely thorough. Although the agency was aware of the potential for liver problems with long-term use, he said, it made a calculated decision to approve the drug for short-term use, no more than 10 days, because the benefits outweighed the risks.

"This was not a rushed decision by any means," Mr. Lumpkin said, adding that the agency still believes the drug is safe and effective when used for fewer than 10 days.

Backing for Tuberculosis Drug

The Food and Drug Administration has approved the first new tuberculosis drug in 25 years. The Associated Press reported from Washington.

The FDA said Tuesday that it had approved rifapentine, which is marketed under the name Priftin by Marion Merrell Dow of Kansas City, Missouri. The United States is the first country to approve the drug.

Florida Court Voids a Verdict Against Tobacco

By Barry Meier
New York Times Service

NEW YORK — A Florida appeals court has struck down a \$750,000 jury verdict against the Brown & Williamson Tobacco Corp., ruling that the lawsuit, one of the few a cigarette maker has ever lost to a smoker, was filed six days too late.

The 1996 verdict was only one of two verdicts outstanding against cigarette makers. This month a Florida jury ordered Brown & Williamson to pay \$1 million, including \$500,000 in punitive damages, to the family of a deceased smoker.

But on Monday, a three-judge panel of the state Court of Appeals for the 1st Circuit found that the statute of limitations in the 1996 case had expired because the smoker, Grady Carter, had waited too long to file his lawsuit. He filed the suit in 1995, after discovering that he had lung disease in 1991.

Mr. Carter expressed disappointment over the ruling but said he was not surprised. "It is hard to beat the tobacco companies," he said.

Experts on tobacco litigation said that while they had not reviewed the decision, it appeared largely limited to the specifics of Mr. Carter's case.

Still, Mary Aronson, the president of Aronson Washington Research, which advises institutional investors on legal trends, said the ruling was an emotional setback for plaintiffs' lawyers in smoking cases, after the optimism following the \$1 million verdict last week.

"I think this throws a damp rag on the euphoria some plaintiffs' lawyers were feeling," she said.

Robert Rabin, a law professor at Stanford University, said that the decision Monday demonstrated that while the public perceives that tobacco cases are decided on issues like possible corporate misrepresentation, they often are won by tobacco companies that hire top defense lawyers who exploit legal issues like statutes of limitations on appeal.

Israel Assures U.S. on Jerusalem Plan

By Philip Shenon
New York Times Service

WASHINGTON — Israel has provided assurances that a proposed major expansion of the city limits of Jerusalem will not extend the city's authority into the West Bank, according to the State Department.

State Department officials remained critical of the proposal Monday but tempered their earlier statements.

"The prime minister told us that this decision is not an effort to expand the municipal authority of the city into areas that extend beyond the Green Line," said James Rubin, the State Department spokesman, referring to the border that existed between Israel and the West Bank before Israel's victory in the 1967 war.

"We appreciate that clarification," he said. "At the same time, this is a very complicated matter. And we are not certain about what impact Israel's decisions may have in the future."

He added, "At a time when we are trying to break a prolonged impasse in the Israeli-Palestinian negotiations, the last thing we need from either party are statements or actions that raise suspicions."

On Sunday, the Israeli cabinet approved a plan to expand the city of Jerusalem's control far beyond its current borders, despite protests from Palestinians and a warning from the State Department that the plan was "provocative."

Prime Minister Benjamin Netanyahu has insisted that the plan has no political ramifications and was not a violation of the Israeli-Palestinian peace accords, under which the final status of Jerusalem is to be negotiated.

But there was a general presumption among Israelis and Palestinians that the real goal was to strengthen Israel's hold on Jerusalem and to bolster its links to settlements to the east.

The Palestinians, who have called for the creation of a Palestinian state with Jerusalem as capital, have denounced the expansion plan.

American officials involved in the Israeli-Palestinian talks said it was difficult for them to make specific criticisms of the expansion proposal since the Israelis have yet to work out many details of the plan. The cabinet is expected to debate the plan again this fall.

"We're trying to clarify the plan," an American official said. "One of our main problems now is the timing. Why do this now?"

TRAVEL UPDATE

New Trains to Heathrow

LONDON (AP) — High-speed trains began carrying passengers between central London and Heathrow Airport on Tuesday, offering an alternative to congested highways and slow-moving Underground trains.

"It's a stunning service," Prime Minister Tony Blair said as he officially opened the 16-mile (27-kilometer) Heathrow Express service, which cost £450 million (\$720 million) to construct.

It offers trains every 15 minutes between Heathrow and Paddington station. The journey lasts 15 minutes.

Travel restrictions to Lebanon have been eased, the U.S. Embassy in Beirut said. American airlines can now link up with other airlines that fly to Lebanon to provide travelers smooth connections from the United States. (AP)

Three major transport unions have called a 24-hour strike for ground staff at Linate and Malpensa airports in Milan for Friday. (Reuters)

Bangladesh inaugurated the world's 11th-longest bridge over the Jamuna River, saying the five-kilometer bridge marked the beginning of a new era of economic development. (Reuters)

A study by NASA suggested revising pilot rules and improving schedules to keep airline pilots from falling asleep. It also urged better lighting in the cabin, more social interaction and less airplane automation. (AP)

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WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe	Today	Low	High	Low	High	Low	High
Algeria	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Austria	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Belgium	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Denmark	23/27	15/14	27/30	18/20	30/32	20/22	32/34
France	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Germany	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Greece	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Ireland	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Italy	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Japan	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Lebanon	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Libya	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Malta	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Netherlands	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Norway	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Poland	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Portugal	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Romania	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Russia	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Spain	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Sweden	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Switzerland	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Turkey	23/27	15/14	27/30	18/20	30/32	20/22	32/34
Ukraine	23/27	15/14	27/30	18/20	30/32	20/22	32/34
USA	23/27	15/14	27/30	18/20	30/32	20/22	32/34

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THE AMERICAS

Lewinsky Defuses A Privacy Dispute

She Will Tell Starr of Book Buys

By David Streitfeld
Washington Post Staff Writer

WASHINGTON — Monica Lewinsky has agreed to provide Kenneth Starr, the independent counsel, with information about her book purchases, resolving a First Amendment dispute between Mr. Starr and the bookstore Kramerbooks.

"We've accomplished what we set out to do, which is protect the rights of privacy of our customers," said Bill Kramer, co-owner of the popular store and cafe.

Ms. Lewinsky, the former White House intern who is the central figure in Mr. Starr's investigation of President Bill Clinton, has previously made cooperative gestures toward Mr. Starr, including allowing her apartment to be searched and providing handwriting samples.

In late March, Mr. Starr subpoenaed Kramerbooks and the Georgetown outlet of the Barnes & Noble chain, asking for details about at least 16 purchases made by Ms. Lewinsky. The former intern reportedly told Linda Tripp, her one-time friend, that she gave Mr. Clinton the phone-sex novel "Vox," and Mr. Starr's team was seeking to corroborate that statement.

On April 6, a lawyer for Ms. Lewinsky, Nathaniel Speights, told Judge Norma Holloway Johnson of U.S. District Court that his client would be willing to give the information to Mr. Starr.

"In March, April, May, it was crystal clear that Lewinsky's position was the same: She was willing to give the information," said a lawyer for Kramerbooks, Carol O'Riordan.

"And it was crystal clear to my co-counsel and myself," she added, that Mr. Starr "was refusing to go and ask for it."

Judge Johnson ruled in early April that Mr. Starr had to show a "compelling need" for the information before he violated the First Amendment rights of Ms. Lewinsky and the bookstores. This led to the Barnes & Noble subpoena being dropped and the Kramerbooks subpoena being narrowed.

Mr. Kramer had been planning an appeal when the deal was worked out Monday. "This agreement allows us to avoid the time and expense of the appeal," he said.

Kramerbooks' challenge to Mr. Starr drew support from a wide range of retailers, publishing and free speech sources. On Monday, those groups pronounced themselves pleased with the case's resolution.

"From the beginning we believed the subpoena was an example of gross prosecutorial overreaching that seriously threatened core First Amendment values," said Louis Bogard of the American Civil Liberties Union.

"We've established an important precedent that will stop prosecutors from fishing around in bookstore records just because they want to," said Chris Finan, president of the American Booksellers Foundation for Free Expression.



Kenneth Starr arriving at court on Tuesday, a day after the agreement on Ms. Lewinsky's book purchases.

Thanks to Clinton, Party Pays Its Debts

Backlash Against Starr Also Spurs Fund-Raising by Democrats

Los Angeles Times Service

WASHINGTON — Muscular fund-raising efforts led by President Bill Clinton have all but erased the Democratic National Committee's \$15 million debt.

Enveloped by a campaign-funding scandal just nine months ago the committee had to return \$3 million in questionable donations from Chinese and other foreign and domestic sources and pay big legal fees from resulting investigations. Now, thanks in part to a backlash against Kenneth Starr, the Whitewater independent counsel, the picture has changed.

All but "a manageable" portion of the debt has been repaid and contributions are coming in at a record pace. There is no guarantee that a newly moneyed party will claim victory at the

polls but political analysts believe that the Democrats will be at least competitive in the fall elections. And, the experts say, the Democrats may have a solid chance of helping their candidates retake the House, where a swing of a dozen seats could make the difference.

Committee officials credit Mr. Clinton's breakneck fund-raising schedule — and, paradoxically, the legal offensive against him by Mr. Starr and other conservative critics — for the turnaround.

Since January, Mr. Clinton has traveled to at least 11 cities, holding at least 20 fund-raising events for the committee. According to a preliminary analysis, these events raised at least \$12.5 million for the party. Mr. Clinton also attended at least 40 big-ticket fund-raisers for candidates over that period, raising

more than \$25 million. During one week-end in May, he attended six events in three major metropolitan areas.

Vice President Al Gore and Hillary Rodham Clinton also have done their part.

But the committee's revival is not limited to high rollers attending glamorous meet-and-greets.

Ever since Mr. Starr broadened his Whitewater investigation to include allegations that Mr. Clinton had sex with Monica Lewinsky, a former White House intern, and urged her to lie about it, the committee's direct mail appeals have hit pay dirt.

In the first three months of the year, 162,000 people sent checks, three times more contributors than in the first three months of 1994, during the last midterm political cycle.

POLITICAL NOTES

Medicare Users Get Protection

WASHINGTON — The Clinton administration has ordered sweeping protections for Medicare beneficiaries, requiring health plans to guarantee access to specialists, to keep medical records confidential and to provide interpreters when needed.

The new rules, which add muscle to a 1997 law, are stricter than the standards governing commercial health insurance in many states.

The rules go beyond the 1997 law in some ways, establishing additional protections for women, for people with serious illnesses and for patients who cannot read or speak English. The rules apply to all Medicare services, but include special provisions for managed care plans.

The administration said the rules herald "the most significant change in the Medicare program since its inception in 1965." Included are provisions that would ban health plans from discouraging sick people from enrolling and discriminating against Medicare beneficiaries by limiting or denying coverage because of physical or mental illness, genetic information, disability or prior use of medical care.

(NYT)

Forecast Dims Tax-Cut Hopes

WASHINGTON — The Congressional Budget Office is drafting an economic forecast showing that the federal budget surplus will be slightly larger than previously projected in the coming years — further good news for the government's balance sheet, but a serious setback for congressional Republicans hoping for a major tax cut.

The forecasts, due to be released next month, will fall far short of the "July surprise" that House Speaker Newt Gingrich, Republican of Georgia, and other Republican leaders were counting on to help underwrite an election-year tax-relief package. Mr. Gingrich and other members of his party have been stumped by how to pay for as much as \$100 billion of tax cuts over five years without cutting programs of important political constituents.

The controversy over the anticipated forecasts underscores the make-or-buy influence that the Congressional Budget Office — Congress's chief budget scorekeeper and analytical arm — sometimes exerts over the legislative process.

It also suggests the tenuous nature of the Republicans' large tax-cut proposal.

The House leaders have tried to pressure the budget office to revamp its forecasting policies to produce much rosier surplus estimates of as much as \$100 billion to \$300 billion a year through early in the coming century.

"The surplus is going to be bigger," Mr. Gingrich said.

"I don't think anybody doubts that."

But the latest thinking of the budget office and prominent economists suggests little change in this year's forecast.

(WP)

Quote/Unquote

Tom Daschle, Democrat of South Dakota, the Senate minority leader, as Senate Democrats shut down debate on a defense bill as a way of blocking anti-administration votes on China policy on the eve of the president's departure for China: "I'm not going to allow one single vote on China this week. We're not going to embarrass this president."

(AP)

AMERICAN TOPICS

The Oyster Was the River Rats' World

For 13 years, Dan Davies has spent much of his time in the silt-choked waters of the upper Mississippi River. As "river rats" like him have done for decades, he dives from a flat-bottomed boat and, fed oxygen through a hose, spends hours in the inky blackness below, filling net sacks with clams. But Mr. Davies, 38, is one of a dying breed, reports the Los Angeles Times.

Five years ago, Mr. Davies had hundreds of competitors. They gathered tons of shells for export to Japan, where they are ground up and used to irritate the innards of Akoya oysters, producing cultured pearls. But environmentalists feared the clamming was seriously depleting the prized Washboard clams. Regulators in Wisconsin, Illinois and Missouri have ordered a halt to shell harvests.

The clamming industry already suffered a devastating blow when a virus killed more than half of Japan's underwater oyster beds and demand for clams plummeted. The industry says there are plenty of Washboards left — perhaps 550 million in the upper Mississippi — and that the real endangered species is the clammer.

Short Takes

Graduates of foreign medical schools make up about a fifth of the medical residents in the United States and their numbers have been rising: 26,763 in 1996, compared with 11,556 in 1988, according to the Council on Graduate Medical Education. With a physician glut predicted, there have been calls to limit their special visas.

But foreign-trained physicians are far more likely than American-trained doctors to work in underserved rural areas that often are desperate for such help. The number of foreign-trained physicians seeking visa waivers to work in such areas increased from 70 in 1990 to 1,300 in 1995.

The last of three oak trees around which the architect Frank Lloyd Wright built his famed Taliesin home has been toppled during a fierce thunderstorm, damaging the house, which is part of a 600-acre (240-hectare) complex west of Madison, Wisconsin.

Work crews have cut away the 225-year-old white oak, which left a hole in the drafting studio. The low-slung home, built in 1911, is considered one of the nation's most important architectural works. Mr. Wright died in 1959.

Some unwitting hikers along the Appalachian Trail saw a little more wildlife on Sunday than they expected. That was the first day of summer, a day that has also become a clandestine holiday: Nude Hiking Day.

It was not clear how many happy hikers went natural on the Appalachian Trail, which winds over 2,158 mountainous miles (3,473 kilometers). They faced possible arrest by rangers for indecent exposure. And one young Baltimore woman told an Associated Press reporter that while she and some other hikers would be happy to bare themselves to the sunshine and chipmunks, they had to draw a line. "The thought of coming across a troop of Boy Scouts," she said, "kind of takes the fun out of it."

Brian Knowlton

Away From Politics

• Three Albanian soldiers were still unaccounted for Tuesday after they and 11 comrades walked away last week from NATO-sponsored training exercises at the Marine Corps base in Camp Lejeune, North Carolina. (AP)

• Officials evacuated 37 inmates from a Florida prison and made plans to move another 400 as more than 100 brush fires continued to scorch the state. (Reuters)

• He looked like the guard from the armored car company, right down to his holstered pistol and uniform. So the manager of the bed-and-bath supplies store in Troy, Michigan, handed over the day's cash. The police did not disclose how much money was stolen. (AP)

• The Justice Department will seek the quick deportation of an 80-year-old man who served in a Nazi-backed unit that killed thousands of Jews and others in Byelorussia and Lithuania during World War II. Last week, a federal court of appeals affirmed a decision to denaturalize Kazys Ciurlinskas, who emigrated from Germany in 1949. (Reuters)

From 'Stool Pigeon' to President-Elect

Colombia's New Leader Vows to Broaden Relations With United States

By Diana Jean Schemo
New York Times Service

BOGOTA, Colombia — Four years ago, Andres Pastrana could not walk into a movie theater here without facing a torrent of insults, the most frequent of which was "stool pigeon."

Mr. Pastrana was hounded by the wrath of fellow Colombians after he lost the previous presidential race to Ernesto Samper, then released recordings of Mr. Samper's campaign officials soliciting contributions from drug lords.

In the interim, Mr. Pastrana found work consulting for the United Nations and managed to stay out of the country for most of the next few years.

On Sunday, though, Mr. Pastrana savored sweet vindication as millions of Colombians who quietly supported his whistle-blowing elected him to succeed Mr. Samper, rejecting Horacio Saeed, the president's ally.

Mr. Pastrana appeared surprised Monday to have won the presidency by a firm margin, in an election with a record voter turnout. If on Sunday he looked shrunk and somehow prematurely defeated, Mr. Pastrana seemed on Monday like a man just getting the hang of sitting in a much bigger chair.

Mr. Pastrana said that he expected relations between the United States and Colombia would change. He said Colombia now has a president "with

legitimacy and authority," and he pledged to broaden relations with the United States.

"The agenda with the United States cannot be solely narcotics," he said in remarks Monday to the foreign press.

Asked if he could see "saying 'no' to the United States for anything," Mr. Pastrana replied, "Maybe for a lot of things."

Asked if he could see saying "no" to the United States for anything, President Andres Pastrana replied, "Maybe for a lot of things."

After campaigning on a platform of ending more than three decades of civil violence, Mr. Pastrana called the start of peace talks with leftist rebels "the first responsibility of the next president of Colombia."

He promised to make contact with the leaders of the Revolutionary Armed Forces of Colombia — Latin America's oldest rebel group and the largest insurgent group in Colombia — in the next few days, and he invited Washington to play a role in the negotiations.

Mr. Pastrana said he believed that the rebels would support the elimination of coca growing in areas they dominate, and he called for an international "Marshall Plan" to help eliminate drug crops and develop other ways for coca farmers

to earn a living. He also said he would review agricultural policies.

The new president's future will to some extent depend on forces beyond his control. While the rebels have said they want to begin talks, successful negotiations will require a willingness to make concessions on all sides.

"It doesn't depend solely on him," said Carlos Franco, a former rebel of the April 19 Movement, known as M-19.

"If the conditions exist, if the political class is ready to accept the kinds of changes the guerrilla wants to discuss, all of that will influence the chances for peace."

Others said the chances for peace would depend, rather, on whether the rebels are convinced that they can win their battle through negotiations rather than bloodshed.

U.S. Welcomes New President

The State Department enthusiastically welcomed Colombia's election of a new president, The Associated Press reported from Washington.

A spokesman declared "a new page" in relations that had previously been strained under a president Washington viewed as tainted. He said Washington looked forward to better cooperation in the battle against drug trafficking.

For the last two years, Colombia has failed to be certified as meeting U.S. drug cooperation standards, but President Bill Clinton has waived sanctions.

Jafar Sharif-Emami, Shah's Aide, Dies

New York Times Service

NEW YORK — Jafar Sharif-Emami, the last of Shah Mohammed Reza Pahlavi's prime ministers to make a political attempt to counter the Islamic fundamentalism sweeping Iran 20 years ago, died June 16 at New York Hospital. He was 87.

Mr. Sharif-Emami, one of the shah's close confidants, held many high government and legislative positions. He was prime minister twice, first in 1960-61 and in 1976, in a belated attempt to stem the Shiite revolution through political and social changes.

Through Mr. Sharif-Emami, the shah legalized political parties and set elections for mid-1979. The prime minister began a campaign against corruption, released half of all political prisoners, ended press censorship except for reports that criticized the shah and the army, and moved

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INTERNATIONAL

SLAVERY:
Ivory Coast Accused

Continued from Page 1

Mr. Diarra and his three friends, also from Mali, constitute merely the tip of an iceberg of thousands of coerced migrant laborers, many of them children, in this overwhelmingly agricultural country. As escapees who found someone from their homeland instead of being snared in the web of overseers, bounty hunters and informers, they count among the luckiest ones.

Their is a tale as old as the ages in an Africa of abundant, hard-to-work land and sparse labor — seemingly immutable realities that fed an indigenous trade long before the arrival of the first Europeans. But it is also a nearly universal phenomenon and has been seen from the sugar estates of the Florida Everglades to the Dominican Republic to the cotton-bearing loam of the Mississippi Delta.

The ruses that are used to lure and retain the workers from desperately poor hinterlands of neighboring countries like Mali and Burkina Faso are just as tried and true.

Like thousands of other Malians, Mr. Diarra said he was recruited to do farm work in Ivory Coast by an unscrupulous countryman back home who promised him \$250 for a year's work — a fortune for many Malians — and room and board on a plantation.

He was transported across the border by truck at night. He realized he had been duped when he reached the northern Ivorian town of Korhogo and overheard a negotiation between the transporter and a plantation owner in which he and his fellow travelers were effectively sold for the equivalent of about \$30 each.

"As soon as we reached the plantation, we were locked up and placed under guard," Mr. Diarra said. "We knew right away that it was a trap."

Ivory Coast's independence movement gained momentum in the 1940s and 1950s as a reaction against the forced labor imposed by French colonialists bent on building a cash-crop economy based on cocoa and coffee here.



In a village near Bouafle, Ivory Coast, a youth from Mali who had been forced to work on a corn plantation.

But today, the wealth of this country, the most prosperous in West Africa, rests to a large extent on the backs of poorly paid immigrants whose labor has helped make Ivory Coast an agricultural giant.

"I've found plantations here where the owners keep 45 children locked in a single room from dusk till dawn, with the only provision for a toilet being a hole in the wall," said Fassirima Dembele, the Malian consul to Ivory Coast.

His recent work traveling to towns like Bouafle in the central Ivorian countryside has brought public attention to the plight of migrant workers from his country. The embassy will help Mr. Diarra go home.

"We have 2 million Malians living in Ivory Coast," he said, "working in every sector of the economy, including tens of thousands of farm workers. The government cannot afford to admit the

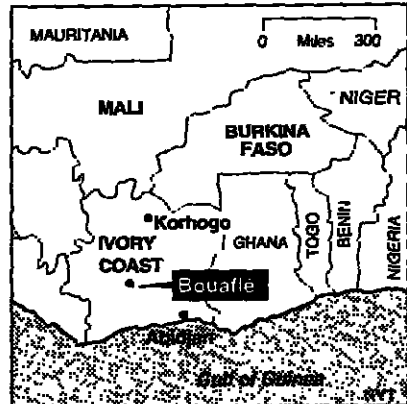
extent of the problem, so they close their eyes. If all of these workers went home, they could no longer produce crops here."

An official of the Ivory Coast Ministry of Social Protection, Mama Fofana Kone, said her government had learned of the plight of Malian migrant workers only from recent press reports and had begun an investigation.

"With these kind of charges, we must verify the information ourselves," she said. "Until then we cannot make any declarations."

From the vantage point of Mr. Dembele, no better place to begin an inquiry exists than in his office, where a dozen or more ragged plantation escapees, most of them children, arrive almost every day seeking shelter or help in returning home.

"I made a bad mistake in coming here," said Souleymane Konate, a shy 12-year-old laborer who had just



reached Mr. Dembele's office at the Malian Embassy. "But my parents couldn't clothe me anymore, and there was nowhere to go to school in my village. I had no choice but to look for work."

AIDS: Africa Struggles With an Epidemic

Continued from Page 1

"If HIV killed as rapidly as plague and influenza, the epidemic would be controlled by now," Dr. Piot said. But the AIDS epidemic, Dr. Schwarlander said, "has no end in sight."

Dr. Piot, a Belgian who has worked with AIDS in Third World countries for more than 15 years, called the new HIV figures staggering. He said he was "shocked" when he learned that 25 percent of an entire country's adults were infected.

At that time, both Dr. Piot and Dr. Schwarlander said they questioned a statistical error. But checks found the statistics to be accurate, erring on the side of underestimates, the doctors said.

It took the Unids program more than a year to gather and verify the figures with each country, and its figures on AIDS are considered the most reliable of any international health statistics. Health officials have long been hampered in getting a handle on such information by the notoriously poor quality of health statistics in most of the world.

The report also includes the first country-by-country information about availability and use of condoms and reported nonregular sexual partnerships.

The UN report cites successes in Senegal, Tanzania, Thailand and Uganda as evidence that strong prevention programs could reverse the HIV epidemic.

Uganda was the first country to respond to a huge burden of HIV infection, and cut HIV prevalence to 9.5 percent in 1997 from 13 percent in 1994.

Thailand, which has experienced what the UN said was probably the best-documented epidemic in the developing world, cut its prevalence to 2.3 percent in 1997 from 2.7 percent in 1994. A drop in new infections was noted especially among sex-trade workers and their clients.

"Even in the industrialized world, reductions of this magnitude are virtually unheard of," Dr. Piot said.

Senegal instituted campaigns for safer sex that have kept its rate of HIV prevalence low at about 2 percent. "Sen-

egal acted before it had a major problem, but there are not enough of those countries," Dr. Piot said.

Marching such efforts elsewhere will take more than money, Dr. Piot said. "The overriding need is political courage — deciding to move ahead with effective approaches despite cultural constraints, such as promotion of condom use, sex education in schools and widespread health education programs," he said.

Last year, deaths from AIDS left 1.6 million children without at least one parent. From 1981 to the beginning of 1998, 8.2 million children lost their mothers to AIDS.

In East Africa, 40 percent of children aged 15 or younger have lost their mother or both parents.

"As the number of orphans grows and the number of potential caregivers shrinks," the UN report said, "traditional coping mechanisms stretch to the breaking point."

The Unids program cited four reasons for the high infection rates in Africa.

One is that more women of child-bearing age are infected with HIV in Africa than elsewhere.

A second is that African women have more children on average than those on other continents. Thus, one infected woman may pass the virus on to a higher number of children.

A third reason is that nearly all children in Africa are breast-fed. Breast-feeding is thought to account for between a third and a half of all HIV transmission from mother to child.

A fourth reason is that new drugs are less readily available in Africa than in industrialized world.

The United Nations said the figures for Asia, where HIV is a latecomer, are less reliable than elsewhere because only a few Asian countries have developed sophisticated systems for monitoring the spread of the virus.

India has the largest number of HIV-infected people — 4 million — in the world.

With a vaccine against HIV a distant hope, Dr. Piot said, "AIDS is with us to stay for a long time."

CHINA: Personal Freedom Blossoming

Continued from Page 1

long enough to talk to some ordinary folk.

The issues that most people care about most — choosing a job, a place to live, a mate — have gained a degree of flexibility that few could have imagined 10 years ago.

Eager to accentuate the positive side of Mr. Clinton's engagement policy, administration officials like to argue that U.S. cooperation with China can help promote the growing sense of personal freedom in Chinese society.

In practice, the changes now under way in China are so deep and wide that it is hard to see how U.S. policy can significantly affect them one way or the other.

"China will find its own way forward, as it always has," said Alex Hao, an advertising executive who studied in the United States for five years before he returned to China in 1993. "Americans always think they can change every place. You can't change China as fast as it is changing by itself."

Perhaps the most remarkable aspect

of China's recent history is how the nation's social and economic change has sped ahead so fast while the political system has remained rigid. These diverging tracks create new strains for anyone who tries to straddle the two, yet for now most Chinese people seem content to stay on the path that lets their incomes and personal lives flourish.

Relinquishing control over aspects of ordinary life has not come from any benevolent plan by the authorities. Instead, as China has developed economically, with an ever-more-mobile populace, it has simply become more difficult for the authorities to monitor and control the lives of ordinary people.

Not long ago, every lane in Shanghai was subject to the watchful eye of a neighborhood committee, a local organization typically staffed by retired women who kept track of every resident and reported to the local police or Communist Party organization anything unusual, like a young unmarried couple living together.

Similarly, every work place in the vast state-run apparatus of companies, offices and organizations had its own party organization to keep track of anyone who seemed to stray from the preferred path, in personal or professional matters.

Yet in recent years, each of these avenues of control has begun to melt away. Modern phenomena, like tall apartment buildings and private companies, make it harder for the authorities to control the lives of ordinary individuals.

Yet increased personal freedom is not limited to city dwellers. In rural China, where the vast majority of China's 1.2 billion people live, old restrictions on movement from one area to another have melted away. As a result, well over 100 million people migrate to work outside their home area.

Su Xiaoli remembers her own days in the countryside, where she spent five years planting rice as a teenager in the 1970s, having followed orders to move there from Shanghai.

"We had no choice at all at that time," mused Mrs. Su, 42, now the deputy manager of a company that makes revolving doors. "Now it's the other extreme. My son is 16, and the choices facing him are astounding to me. He says it's no big deal."

Through her own eyes, Mrs. Su has watched the tentacles of government control relax year by year, gradually granting her the freedom to change jobs, change apartments and travel overseas. She has done each in the last four years.

At a previous job in the telephone bureau, she said, one day of each work week was set aside for a political meeting, where the current political line from Beijing was supposed to be discussed.

In practice, she recalled, that usually meant that a leader in her department would simply read sections of the People's Daily newspaper aloud.

At that time, by her own description, Mrs. Su was relatively powerful. In an era of scarce telephones, she got to decide who got a phone line in their home, and she laughingly admits that she often took gifts and favors just to do her job. But as privileged as she was, she chafed against all the limits.

"If you sat around and did nothing, life was simple," Mrs. Su said. "If you wanted to get a plane ticket or some gasoline for a car, it was an ordeal of paperwork. Trying to change jobs was a nightmare."

Today, Mrs. Su can buy a plane ticket, book a hotel room or buy a car without any special permission or interference from the authorities. When she quit the phone bureau to take her new job in 1995, she did not need anyone's permission.

"Not even my husband could stop me," she said, laughing again.



Chinese lining up outside the U.S. Embassy in Beijing on Tuesday to apply for visas to visit the United States. Despite often-strained relations, hundreds of Chinese each day seek an opportunity to travel to America.

RUSSIA: Yeltsin Sounds Alarm on Finances and Prods Duma

Continued from Page 1

to back up depleted foreign currency reserves, which stand at about \$15 billion, including gold. The government reiterated Tuesday that it was determined to defend the currency against devaluation.

The statements came in response to speculation that some kind of devaluation was inevitable. Andrei Illarionov, a respected liberal economist, said in a radio interview Monday that it was futile to borrow money from international financial institutions to prop up the ruble.

The ruble, he said, "is doomed for devaluation." On Tuesday, the dollar was quoted at 6.187 rubles, but some analysts are predicting a 30 to 40 percent devaluation for the Russian unit.

But the central bank chairman, Sergei Dubinin, insisted that devaluation "could only do harm." He added, "I have not seen well-argued statements in support of the ruble's devaluation by experts or industrialists."

"Today there is no direct threat of devaluation," he said.

Mr. Kiriyenko is expected to hold negotiations later this week with Stanley Fisher, deputy managing director of the IMF, on a stabilization loan. Mr. Fisher met Tuesday with Anatoli Chubais, Mr. Yeltsin's point man in dealing with international financial organizations, to iron out differences on a delayed, \$670 million tranche of the Fund's current \$9.2 billion, three-year loan.

Mr. Chubais said that for the new stabilization package, Russia was looking at borrowing not only from the IMF but also from commercial banks and the European Bank for Reconstruction and Development. He said the talks may take a month or two.

Mr. Yeltsin threatened in his speech to act unilaterally if the Parliament balked. Mr. Yeltsin has the power to impose legislation by himself until Parliament acts, although his decrees are often unenforced. The lower house, the State Duma, is dominated by Communists and nationalists who have opposed many of his initiatives.

"The price of delays and procrastina-

tion, squabbles and quarrels is too high today," Mr. Yeltsin said, demanding that all the laws sought by the government be enacted before Parliament took its summer recess. "If not," he said, "a different kind of measures will be taken," a clear reference to decrees.

"Shame!" came a catcall from the audience. "Who is the master here?" was another.

At the top of the government's wish list is a bill to streamline the tax code, reducing rates and the number of taxes. Alexander Shokhin, leader of the pro-government Our Home Is Russia party, said Mr. Yeltsin could not impose tax laws by decree, but he promised to support rapid action in the Duma next month.

Gennadi Zyuganov, the Communist Party leader, said Mr. Yeltsin had presented a stale menu of ideas. "The materials are prepared by the same people, same faces, same approaches," he said. "The same lack of soul, pain, sympathy and compassion."

IRAQ: Nerve Gas Traces on Missile Fragments Contradict Baghdad's Report to UN Team

Continued from Page 1

its neighbors or internal opponents. The discovery also suggests a continuing effort by Iraq to conceal weapons of mass destruction. Iraqi officials repeated denials regarding their VX program as recently as last week, in a meeting in Baghdad with Richard Butler, executive chairman of the UN Special Commission, or UNSCOM, which is responsible for finding and destroying prohibited weapons in Iraq.

Mr. Butler is scheduled to report his complete findings to the Security Council in a closed-door session on Wednesday. Last week, he informed the council that he had presented preliminary results from the Aberdeen laboratory to Tariq Aziz, Iraq's deputy prime minister, but was rebuffed.

"During the discussions," Mr. Butler said in a June 16 report to the Security Council, "the Commission presented the preliminary results of the chemical analysis of certain evacuated remnants of special missile warheads. The Iraqi side rejected these results. Both sides agreed to conduct further discussions on the issue."

Mr. Butler also reported that "Iraq refused to undertake additional steps to clarify the extent of its attempts to produce the chemical warfare agent VX. Iraq stated that this matter was closed and that it was only ready to discuss the evidence available to the commission of incorrect declarations on VX."

Mr. Aziz took strong exception to Mr. Butler's version of the exchange in a letter Monday to the Security Council. He wrote that Iraq had presented all necessary documents showing that it had not produced VX in 1990 or 1991 "in sufficiently stable manner to be utilized within the framework of the armament program."

Mr. Aziz also asserted that Iraq had completed all disarmament activities required by a 1991 Security Council resolution and that a new work schedule agreed to with Mr. Butler would enable the commission to submit its final report, clearing the way for a lifting of Gulf War sanctions.

A copy of the U.S. Army laboratory report was obtained from officials of the Iraqi National Congress, the principal Iraqi exile opposition group. Diplomatic sources confirmed the findings. U.S. of-

ficials declined to discuss the report, but did not dispute its conclusions.

The new indications of Iraqi deception are likely to reverberate in U.S. politics. Conservative Republicans have been increasingly critical of what they see as a failure by the Clinton administration to support strongly either aggressive UN inspections for Iraqi weapons of mass destruction or efforts to overthrow the Iraqi leader, Saddam Hussein.

Word of the new findings on VX gas began to circulate on Capitol Hill late last week, leading to the drafting of a letter to President Bill Clinton from Republican congressional leaders demanding to know if Mr. Clinton would back Mr. Butler in a confrontation with Baghdad. The letter was sent to the White House on Monday night.

The Senate majority leader Trent Lott, Republican of Mississippi, one of the four signatories of the letter, said he was deeply disturbed by reports that the administration had not acted on the VX information.

"The latest example of a failed policy toward Iraq will not be swept under the rug," he said.

The State Department spokesman,

Ethiopia Sending Troops to Front

ADDIS ABABA, Ethiopia — Ethiopia continued to send troops to its border with Eritrea on Tuesday, preparing for a possible resumption of fighting, state radio and television reported.

Fighting broke out May 6 over disputed territory. After several cross-border air raids and artillery attacks that began June 5, fighting has ebbed.

Mediation Fails For Guinea-Bissau

LISBON — An attempt by religious leaders to mediate an end to the two weeks of fighting in Guinea-Bissau failed Tuesday when Senegalese troops prevented them from meeting the leader of the breakaway military faction, according to reports from Guinea-Bissau.

The mediation effort was the third to fail since Brigadier Ansumane Mane staged a coup in the former Portuguese colony in West Africa June 7.

Hope for American Imprisoned in Peru

LIMA — The new prime minister of Peru has startled U.S. officials by publicly saying that Lori Helene Berenson, 28, a New Yorker jailed for life on charges of terrorism, should be freed from her cell and expelled.

But the officials said the prime minister, Javier Valle Riestra, might be speaking just for himself and not for the government.

For the Record

The U.S. House of Representatives strongly supported a U.S. undercover anti-narcotics operation that has strained relations with Mexico, approving a nonbinding resolution, 404 to 3.

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EUROPE

Prodi Wins Vote on Enlarging NATO

Small Party Backs Italy Government After Communists Desert It

By Alan Friedman
International Herald Tribune

ROME — The government of Prime Minister Romano Prodi averted a crisis on Tuesday when it won crucial parliamentary support in favor of enlarging NATO, thanks to the votes of a small centrist opposition party.

The Parliament gave final approval to NATO's eastward expansion by a vote of 310 to 79, with 169 abstentions.

The ratification vote — which is required in all 16 member states before the alliance can be enlarged to the East — had become a domestic football because the far-left Refounded Communists, a key ally of Mr. Prodi's center-left coalition, opposed NATO expansion.

The government has an absolute majority in the Senate but depends on the Communists in the lower house to approve legislation.

With the Refounded Communist leader, Fausto Bertinotti, refusing to support including Poland, the Czech Republic and Hungary in NATO, Mr. Prodi was effectively deprived of his

parliamentary majority.

Silvio Berlusconi, the former prime minister who leads the center-right opposition, tried to use the NATO vote to bring down the government. After a meeting with President Oscar Luigi Scalfaro on Tuesday, Mr. Berlusconi had insisted that his opposition Freedom Alliance would vote in favor of expanding NATO only if Mr. Prodi resigned.

But the prime minister made plain that he had no intention of stepping down. His governing coalition, meanwhile, was poised to win the last of four votes after it got support from the new Union of Democrats for the Republic, a centrist party that was founded recently by a former president, Francesco Cossiga.

The new party, an assortment of former Christian Democrats that is seeking to occupy the middle ground and assert itself as a power broker in Italian politics, has 31 votes, which on Tuesday replaced Mr. Bertinotti's 37.

Mr. Cossiga met with Mr. Prodi before the vote and said he was satisfied with the government's policy.

Political observers here said it was important to Mr. Cossiga that the prime minister made explicit mention of his party, that he met with party members and that he asked for their support in Parliament.

In spite of Mr. Berlusconi's threat to vote against the government, at the last minute, the center-right opposition abstained.

Mr. Prodi, who has governed Italy since May 1996, had urged all parties to put aside partisan differences.

"The foreign policy of a great country such as ours is too important for it to become a pretext for a battle over internal politics," Mr. Prodi told the Chamber of Deputies.

A year ago, the Refounded Communists opposed a mission to Albania, and Tuesday's vote on NATO again exposed the degree to which the center-left governing majority is vulnerable to the ideological Marxists that back it.

Mr. Prodi was expected to report Tuesday night to President Scalfaro, amid uncertainty over whether Mr. Scalfaro might send the government back to Parliament for a vote of confidence.

Mr. Bertinotti's Communists have opposed NATO expansion, but they have promised to vote to keep the government in power.

Jail Sought for Berlusconi

The prosecutor at the corruption trial of Mr. Berlusconi said Tuesday that he should be jailed for two and a half years and fined \$6.8 million dollars, Agence France-Presse reported from Milan.

Mr. Berlusconi is on trial over accusations that a subsidiary of his Fininvest media group called All Iberian paid 10 billion lire (\$6 million) in October 1991 to Bettino Craxi, the one-time Socialist party chief and former prime minister, who has fled to Tunisia to escape trial.



An Italian policeman inspecting the hole in the courtroom floor through which two Mafia bosses escaped.

2 Mafia Chiefs Escape, Embarrassing Italy

Reuters

ROME — The Italian government was asked to explain Tuesday how the escape of two top Mafia bosses from a packed courtroom in a Houdini-like disappearance could have happened.

The escape of Ferdinando Cesarano and Giuseppe Autorino, members of the Camorra, the Naples-based Mafia, from a courtroom in Salerno on Monday came as the government was still

licking its wounds after the flight of two top criminals last month.

According to police accounts, the two mobsters managed to escape the defendants' box in the courtroom through a hole that had been cut in the floor — presumably by outside accomplices.

Blocked from view of the courtroom by other defendants also standing in the box, the two mobsters ducked into

the hole and through a tunnel leading to a nearby highway before anyone noticed, police said.

By the time guards learned of the escape, it was too late to catch the fugitives, who had been picked up by car, they said. The police were still scouring the area for the two mobsters.

Italian officials, trying to control the damage, said late Monday that they had launched an investigation.

Last Chance for Milosevic?

Holbrooke to Press Serb to End Kosovo Crackdown

The Associated Press

BELGRADE — A senior U.S. diplomat arrived Tuesday in Belgrade with what could be a final warning for President Slobodan Milosevic before NATO takes steps to try to end the fighting in Kosovo.

The visit by Richard Holbrooke, a troubleshooter for the region and the next U.S. delegate to the United Nations, is seen as a last diplomatic effort to get Mr. Milosevic to stop his crackdown on ethnic Albanians in the secessionist Serbian province.

Western nations, which sent NATO jets buzzing over the region in a warning to Mr. Milosevic earlier this month, have been deliberating on what measures they will take if Mr. Milosevic refuses.

Mr. Holbrooke stopped in Macedonia en route to Belgrade, meeting in the capital, Skopje, with Prime Minister Branko Cvetkovski and President Kiro Gligorov.

He also was expected to meet with the ethnic Albanian leader Ibrahim Rugova, who supports a peaceful settlement but has limited — if any — influence over the Kosovo Liberation Army.

The West fears the Kosovo conflict could spread to Macedonia, which borders on

Kosovo and also has a sizable community of ethnic Albanians.

Mr. Holbrooke is credited with getting Mr. Milosevic and other Balkan leaders to sign the Dayton peace agreement for Bosnia.

But he has made no progress in months of efforts to get the autocratic Yugoslav leader to halt his campaign to crush militants in Kosovo.

NATO Rattles the Sword

A senior NATO official signaled Tuesday that the alliance was prepared to hit targets throughout Yugoslavia — not just in Kosovo itself — if it intervenes in the latest Balkan conflict, Reuters reported from Vienna.

The military official, speaking on condition of anonymity, said that the alliance was also looking at a full range of troop deployment options to end the crisis, adding that the time remaining to find a peaceful solution was "very short."

"Nothing is ruled out," the official said. "From an air defense perspective, Serbia is a significant threat environment."

And therefore there are at this stage in the considerations a full range of targets, without geographic limitation.

Swiss Refuse to Pay War Refugee

Reuters

BERN — The Swiss government rejected on Tuesday a request for compensation from a Jewish refugee who was caught in Switzerland in 1943, handed over to Nazi Germany and denounced as a Jew as the Holocaust raged.

The cabinet made public a letter it sent to the lawyer for the refugee, Joseph Spring, saying that it deeply regretted the incident but insisting that the Auschwitz survivor's demand for 100,000 Swiss francs (\$66,800) was not legally valid.

Mr. Spring, 71, said he was disappointed that Switzerland had not found it appropriate to compensate him for what he termed his "betrayal." His lawyer said he would appeal to Switzerland's supreme court.

Mr. Spring, now an Australian citizen, was born in Berlin of Polish parents, but moved with his mother to Brussels in 1939. As a 16-year-old, he and two cousins tried to sneak across the French-Swiss border to safety in Switzerland, he said.

Their first attempt failed when a Swiss farmer found them and led them to a customs post. They ran into a Swiss Army patrol when they crossed the frontier again and tried to follow a railway track into the interior.

Border guards then handed the three over to German authorities and informed them that the relatives, who were carrying false French passports, were actually refugee Jews. The three were sent to Auschwitz, where his cousins were gassed.

BRIEFLY

Gonzalez Denies All In Basque 'Dirty War'

MADRID — Former Prime Minister Felipe Gonzalez of Spain denied under oath on the first time on Tuesday that he had authorized a covert terror campaign against Basque separatists in the 1980s.

Two years after the "dirty war" scandal had brought down his Socialist government, Mr. Gonzalez testified during a police explosive trial that he had no edge of the wave of illegal attacks during his administration.

Never occurred to me to do anything.

Mr. Gonzalez said in a crowded court at Spain's Supreme Court.

(Reuters)

t Filed in Germany or Train Disaster

ANKFURT — A German lawyer on Tuesday filed a suit for manslaughter against the German rail operator Deutsche, alleging culpable negligence in the speed train crash that killed 100 people early this month.

Ernst Rosenkranz of Hamburg charged the rail company knew that the wheels on the type of high-speed Inter-City train involved in the crash were not safe. He alleged that wheels on early models of the trains were made from a number of different components, while later models

were made from a single component, making the wheel units much safer.

A spokesman for the state-owned Deutsche Bahn said that it did not wish to comment on the allegations, as an investigation into the causes of the Eschede crash was still ongoing.

(Reuters)

Commons Lowers Age Of Consent for Gays

LONDON — The House of Commons voted overwhelmingly Monday night to lower the age of consent for homosexuals to 16, easily overcoming objections from leaders of the Church of England.

The action, by a vote of 336 to 129, brings the law into line with the age of consent for heterosexuals and brings Britain into conformity with laws elsewhere in Europe and with a recent decision by the European Human Rights Commission.

The Finnish Parliament passed the same measure Monday, and Austria, the one remaining country with 18 as the legal age, is expected to follow suit next month. (NYT)

For the Record

A decree barring the dumping of toxic waste in Venice harbor was revoked Tuesday by judicial decision after the petrochemical industry and labor leaders argued that the move threatened 24,000 jobs in the industry and would cost it 6 trillion lire (\$3.5 billion) a year. (AFP)

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ASIA/PACIFIC

Snared North Korean Submarine Sinks Amid Mystery About Crew

By Mary Jordan
Washington Post Service

SOKCHO, South Korea — A captured North Korean submarine being towed by a South Korean warship sank just before reaching port Tuesday, leaving the fate of its crew and the incident's broader impact on stability on the Korean Peninsula still to be determined.

The 70-ton submarine had become fouled in a fishing net about 20 kilometers off the shore of this seaside resort town Monday. South Korean military divers were attempting to refloat the vessel near a military base south of here, but reported no sign of life aboard.

Officials said they were uncertain if the crewmen drowned or suffocated inside the damaged vessel. They said there was a possibility that they had killed themselves or even swam from the vessel and escaped.

"Yes, I am nervous," said Lee Jung Jae, who sat on the seawall here looking out where the submarine had been spotted.

"We can feel that North Korea is trying to dig through the smallest crack" in national security.

As the drama unfolded, with military frogmen cautiously examining the spy vessel for fear it would blow up, officials on both sides of the border played down the incident. Two years ago, the grounding of a North Korean submarine on this same section of coast escalated into a fierce confrontation and 37 deaths.

North Korea swiftly responded, saying through its official press agency that one of its submarines was missing and that its crew had reported mechanical troubles on its "training" mission.

"Now the life or death of the crew is unknown," the agency said. It did not acknowledge that it had been captured, but neither did it demand that it be immediately returned.

President Kim Dae Jung of South Korea appeared to be balancing his need to be viewed as tough against the hawkish elements in the Stalinist North and his fear of jeopardizing the progress

made toward improving relations with the North. His military aides called the incident a clear armed provocation by the Communists, but Mr. Kim's top security adviser, Lim Dong Won, was quoted in the Korean media as saying that the incident would have "little impact on the 'sunshine' policy," in which South Korean government seeks new cooperation and engagement with Pyongyang.

In perhaps the most visible sign of improving ties, the South Korean business tycoon Chung Ju Yung returned from a triumphal visit to North Korea on Tuesday and excitedly announced that he hoped to soon start the first tourist business with the North in more than 50 years.

Mr. Chung said he had received assurances from North Korean officials that he could operate a car ferry from this resort to North Korea's spectacular Diamond Mountain.

Before Mr. Chung can start ferrying South Koreans to the North, further

negotiations and approvals are needed from both sides. But Mr. Chung said that once this was done, "more than 1,000 tourists will be able to go to Diamond Mountain every day by sight-seeing boat as early as this fall."

Military-to-Military Talks

Military officials from the United Nations Command and the North Korean Army held constructive talks on Tuesday in the first such meeting since 1991, Reuters reported from Seoul.

The talks, being held at the major general level, were "a good first step in establishing a crisis management mechanism to help prevent or deal with any military incidents," a statement by the United Nations Command said.

"The importance of such a mechanism to reduce tensions and discuss Armistice issues was underscored by the apprehension of a North Korean submarine in Republic of Korea waters," it said.

The statement did not say if the sub-

marine incident had been discussed during the meeting. But a spokesman for Mr. Kim said the South Korean leader had instructed his representatives to raise the issue.

The UN side was led by Major General Michael Hayden of the U.S. Air Force. The North Koreans were led by Lieutenant General Li Chan Bok.

The one-hour-and-twenty-minute meeting was held in a constructive atmosphere, the statement said.

It was the first such meeting since February 1991, when the talks were held under the auspices of the Military Armistice Commission. North Korea declared the commission "nonfunctional" after a South Korean general was appointed as its head.

The talks Tuesday were "an additional dialogue channel at the senior officer level," said a United Nations Command spokesman, Jim Coles.

North Korea had proposed the talks, saying it was looking for an alternative to the armistice commission.

BRIEFLY

Cambodia Monitor Warns on Violence

PHNOM PENH — The head of a European Union election observer team said Tuesday he was concerned about political violence, intimidation and interference in elections scheduled for July 26 in Cambodia and called on the authorities to take action.

But the observers' chief, Sven Linder, said he was satisfied with technical preparations for the balloting, including EU-funded registration of voters that ended last week.

"It must be a matter of utmost priority to ensure there is no more violence, no more intimidation," Mr. Linder said. (Reuters)

Hashimoto Vows Election Victory

TOKYO — Prime Minister Ryutaro Hashimoto vowed Tuesday to lead his governing party to victory in July 12 elections to the upper house of Parliament, and urged voters to opt for political stability.

He said stability was needed to deal with major problems that include the large number of bad loans held by Japanese financial institutions.

"To opt for political turmoil or stability? I really want Japanese citizens to opt for stability," Mr. Hashimoto said. Half of the seats in the House of Councillors, a total of 126 seats, are at stake. Mr. Hashimoto's Liberal Democratic Party needs to win 69 seats to take control. (Reuters)

For the Record

Thirty activists left Taiwan aboard three fishing boats in a new bid to land on a group of uninhabited East China Sea islands administered by Japan but claimed by China and Taiwan. They were to meet and sail with 25 protesters from Hong Kong. (AP)

The king of Bhutan, Jigme Singye Wangchuk, was reported by the Bhutan newspaper Kuensel to be dismissing cabinet members who were not chosen by the people and to have submitted a proposal for political change to the National Assembly. (AP)

Habibie to Meet With East Timor's Belo

Agence France-Presse

JAKARTA — President B.J. Habibie of Indonesia, who has proposed a special status for East Timor, will meet Wednesday with the territory's Nobel Peace Prize-winning opposition leader, Bishop Carlos Ximenes Belo, officials said.

Bishop Belo boarded a plane for Jakarta on Tuesday, church officials said, as thousands of people took a motorcade through the capital, Dili, calling for a self-determination refer-

endum for the former Portuguese colony, which was invaded by Indonesian troops in 1975 and which was annexed by Indonesia the following year.

State Secretary Akbar Tanjung said the meeting would take place on Wednesday afternoon at the president's office.

"The meeting is in the framework of a pro-active dialogue with various public figures, including figures from East Timor, in this case, Bishop Belo," he said. "In that discussion, of course,

various topics on the East Timor issue will arise."

Bishop Belo, who was awarded the Nobel Peace Prize in 1996, has been fighting in his efforts to fight for the respect of human rights in the territory.

The one-month old government has been under mounting pressure to make a move on the issue of East Timor, which the United Nations and most states continue to view as being officially under Portuguese administration.

Since he took office on May 21, Mr. Habibie has freed 15 East Timorese political prisoners as part of political reforms and suggested that East Timor could be given a special autonomous status while remaining part of Indonesia.

In an interview with an Australian journalist Saturday, Mr. Habibie hinted that Jakarta could also release the jailed East Timorese rebel leader Xanana Gusmao, but on condition that the territory remain a part of Indonesia.

Portugal and East Timorese activists immediately rejected the offer, saying that East Timorese themselves — not just Lisbon and Jakarta — must be involved in any decision on their future.

Labor Protest Is Planned

Indonesian labor activists have threatened to bring thousands of workers to Parliament on Wednesday, setting the scene for a possible confrontation with the military, which has said it will



Bishop Carlos Ximenes Belo in his car Tuesday after arriving in Jakarta.

crush any such protests, Reuters reported from Jakarta.

Officials at the Indonesian Labor Welfare Union said Tuesday that they planned to go ahead with a demonstration demanding that Mr. Habibie resign despite military threats against the move.

"We are still having the protest, and we are going to the Parliament, as that is the commitment we have agreed to with

the security forces," said Sunarty, the secretary-general of the recently recognized labor union.

"We will release a full list of our demands at the protest, but basically we want Habibie to resign," she said.

But a Jakarta military spokesman, Lieutenant Colonel D. J. Nachrowi, said the capital's military command planned to take firm action against such protests and denied there was any agreement.

India Proposes Summit With Pakistan in July

Reuters

NEW DELHI — India said Tuesday that Prime Minister Atal Behari Vajpayee had sent a letter to his Pakistani counterpart suggesting that they hold bilateral talks during a summit meeting of South Asian nations in Sri Lanka from July 29.

A spokesman for the Foreign Ministry told reporters that the prime minister "conveyed that the presence of the two prime ministers at Colombo would enable them to hold bilateral discussions on all issues of future interest and decide how to proceed further with the dialogue process."

The spokesman said Mr. Vajpayee had written to Prime Minister Nawaz

Sharif of Pakistan on June 14 reiterating India's commitment to fostering peaceful and friendly relations between the two countries.

"The initiative taken by the prime minister in writing to Nawaz Sharif was a continuation of the spirit of his earlier letter to the Pakistan leader as well as statements calling for a forward-looking approach free from the contentions of the past," the spokesman said.

Tension between the bitterly divided nations has mounted since both conducted nuclear tests last month.

New Delhi and Islamabad have since offered differing dates and venues for the resumption of their stalled dialogue, but no progress was made.



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Radio Free Asia Jour

By Bruce A.

WASHINGTON — Clinton Assa, a former member of the KGB, has been recruited by the CIA to help in the fight against terrorism, according to a source familiar with the matter. The source said that Assa, who was recruited in the 1980s, has been working for the CIA for several years. He has been involved in various operations, including the recruitment of other former KGB members. The source also said that Assa has been working on a project to develop a radio station in Asia, which would be used to broadcast anti-Communist propaganda. The project is part of a larger effort by the CIA to counter the influence of the Soviet Union in the region. The source said that Assa has been working on the project for several years, and that it is now in the final stages of development. The project is expected to be completed by the end of the year. The source said that Assa has been working on the project with a team of other former KGB members, who have been recruited by the CIA for similar purposes. The source also said that Assa has been working on the project with a team of other former KGB members, who have been recruited by the CIA for similar purposes. The source also said that Assa has been working on the project with a team of other former KGB members, who have been recruited by the CIA for similar purposes.

House Panel Backs Clinton

WASHINGTON — A House panel Tuesday backed Clinton Assa, a former member of the KGB, as a key figure in the fight against terrorism. The panel, which is part of the House Select Committee on Assassinations, held a hearing on the matter. The panel's report, which was released Tuesday, said that Assa has been working for the CIA for several years, and that he has been involved in various operations, including the recruitment of other former KGB members. The panel also said that Assa has been working on a project to develop a radio station in Asia, which would be used to broadcast anti-Communist propaganda. The panel's report is part of a larger effort by the House to investigate the activities of the CIA and its allies in the fight against terrorism. The panel's report is expected to be released in the coming weeks. The panel's report is expected to be released in the coming weeks. The panel's report is expected to be released in the coming weeks.

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ASIA/PACIFIC

Clinton Assails China Over Rescinded Visas

3 Radio Free Asia Journalists Are Barred

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton, seeking to fend off pressure from congressional critics of his China visit, denounced Beijing on Tuesday for denying visas to three journalists who had planned to cover the trip for Radio Free Asia, which is funded by the U.S. government. He said the move was "highly objectionable."

But the president received a boost from his Democratic allies in the Senate, who on the eve of his departure moved to spare him embarrassment by limiting debate on legislation proposed by critics of his China policy.

Mr. Clinton told reporters that the visa denial was "a highly objectionable decision," adding: "We will protest it. We hope they will reconsider it."

He said the move would deprive China "of the credit that it otherwise would have gotten for giving more visas to a more diverse group of journalists."

The Radio Free Asia journalists had obtained visas from the White House just as the scores of other reporters traveling with Mr. Clinton had done. But on Saturday, a Chinese Embassy official called the three to tell them their entry visas for China were being rescinded.

The Chinese move drew angry criticism from many in Congress. The House speaker, Newt Gingrich, Republican of Georgia, told Mr. Clinton he was "gravely concerned" by the Chinese action and suggested that the president take the three journalists "as your guests on Air Force One."

Radio Free Asia was established by Congress and enjoys strong support from Mr. Clinton, who only weeks ago praised it as a key part of his administration's China policy. China has often jammed its broadcasts, charging that their intent is to undermine the Chinese system.

The three journalists were identified as Feng Xiaoming, a Chinese-American broadcaster; Arin Basu, an Indian diplomatic reporter; and Patricia Hindeman, an American technician and producer.

The Clinton trip, the first by a U.S. president since the 1989 massacre of student-led protesters around Tiananmen Square in Beijing, was already facing an unusually heavy cloud of criticism from Congress, as well as an array of legislative attempts to influence the emerging relationship.

More than 75 China bills await action in the House and the Senate, most aimed at imposing additional sanctions on China. The legislation reflects long-standing complaints against China for what critics say are chronic human rights abuses, unfair trade practices, and transfers of sensitive technology to countries including Pakistan and Libya.

With many in Congress angry at Beijing for its stance on Taiwan, which it considers a rebel province, Chinese officials have indicated that they want reassurances from Mr. Clinton that the United States would oppose independence for Taiwan.

Others in Congress have taken sharp issue with Mr. Clinton for deciding not to visit with Chinese dissidents on his trip, and for agreeing to make an official appearance on the edge of Tiananmen Square. Presidential spokesmen have said that he will speak out strongly against human rights abuses while in China.

The criticism of Mr. Clinton has been fueled by allegations that satellite exports to China might have harmed U.S. national security, and that waivers permitting the launch of U.S. satellites by Chinese satellites were influenced by Democratic campaign contributions. Those matters are being investigated by committees in the House and the Senate, and hearings will continue during the Clinton visit.

A total of 151 House Republicans and one Democrat, James Traficant Jr. of Ohio, signed a letter asking Mr. Clinton to call off the trip until questions about the satellite transfers are clarified.

The amendments that were put on hold Tuesday in the Senate responded to some of the critics' concerns. One amendment would deny travel to the United States by Chinese officials who engage in religious persecution or forced abortion and sterilization policies. Another would return jurisdiction over satellite-technology exports from the Commerce Department to the State Department.

The Senate minority leader, Tom Daschle of South Dakota, insisted Tuesday that he would keep debate over those amendments from proceeding during the president's visit. "I'm not going to allow one single vote on China this week," he said. "We're not going to embarrass the president."

The author of the amendments, Senator Tim Hutchinson of Arkansas, insisted that their intent was to give Mr. Clinton a stronger hand in China. "Far from embarrassing the president," he said, "it is incumbent upon us to strengthen his ability to address human rights issues."

But Mr. Daschle and other Democrats disagreed. "China has a long way to go," said Senator Dale Bumpers of Arkansas. "No one argues that."

But, he added, "China should receive some recognition" for the steps it had taken. "Common sense dictates that the president do exactly what he's doing."

Some Republicans supported that sentiment, saying they hoped to avoid a confrontation that could damage broader U.S. interests during the Clinton trip.

Clinton's China Itinerary

Thursday, June 25: President is welcomed to Xian.

Friday, June 26: Visits village of Xia He; visits site of discovery of the Terra Cotta Warriors outside Xian. Flies to Beijing.

Saturday, June 27: Welcomed in state arrival ceremony by President Jiang Zemin at the Great Hall of the People, on the edge of Tiananmen Square. Meets with Jiang and senior officials in the Great Hall of the People. Clinton and Jiang hold news conference. State banquet at Great Hall of the People.

Sunday, June 28: Attends services at Chongwenmen Church. Visits Forbidden City and Great Wall of China.

Monday, June 29: Addresses students at Beijing University. Flies to Shanghai.

Tuesday, June 30: Meets with community leaders from Shanghai area. Mayor of Shanghai hosts reception at Shanghai Museum.

Wednesday, July 1: Clinton addresses U.S. business leaders.

The Bettman Archive
from Shanghai area. Meets with new Chinese homeowners and builders.

Thursday, July 2: Flies to Guilin; discusses environment with Guilin residents. Tours the Guilin Peaks along Li River. Visits village of Yangshou. Flies to Hong Kong.

Friday, July 3: Addresses business and local leaders of Hong Kong. Holds news conference. Departs for Washington.

China's Reminder to U.S.: The Key Issue Is Taiwan

Arms Deals and Independence Are Opposed

By John Pomfret
Washington Post Service

BEIJING — China told the United States on Tuesday what it wanted during the summit meeting between Presidents Bill Clinton and Jiang Zemin: a commitment by the United States to decrease its arms sales to Taiwan and a public statement by Mr. Clinton that the United States opposes Taiwan independence.

Taiwan's efforts to join the United Nations and a policy that recognizes both China and Taiwan.

The statement, by Foreign Minister Tang Jiaxuan, was a blunt reminder of the potentially explosive role that Taiwan could play despite the improving ties across the Pacific between Washington and Beijing.

It also was a clear sign that despite several other issues that concern China — such as trade sanctions and access to American high technology — the Taiwan issue remains critical to the Chinese.

The Taiwan question is a very special issue in China-U.S. relations," Mr. Tang told American reporters in Beijing. "It is the most sensitive, the most important — and at the core of bilateral relations between China and the United States."

Mr. Tang's focus echoes what U.S. and Chinese analysts have been saying for weeks, that China during this summit meeting is interested in one substantive issue alone: Taiwan.

China wants remaining economic sanctions, which were imposed on China after the 1989 pro-democracy crackdown, lifted. It also wants the United States to improve the export of China of high-technology products. But these issues are dwarfed by Taiwan.

While the Clinton administration is coming to China with a slew of issues — from shared concerns about a nuclear weapons race in South Asia, to trade issues, to human rights, China has made it clear to American officials that it has directly linked progress in those areas to U.S. policy on Taiwan.

In our view, the president should at an appropriate occasion make a public statement, a reiteration of the public statements that the United States has made on this issue," Mr. Tang said. "The United States should also take concrete actions, to match their words and deeds."

Asked specifically if this meant lower weapons sales, Mr. Tang said, "Yes." China has asked the United States to abide by a communiqué President Ronald Reagan signed in Shanghai in 1982

that committed the United States to decreasing arms sales to Taiwan.

Arms sales to Taiwan were worth \$510 million in 1982. Last year, the United States sold \$1.8 billion worth of weapons to Taiwan.

A Defense Department official said he saw little chance that the United States would significantly lower arms sales to Taiwan, adding that the United States would soon launch a program to help Taiwan with some of the high-technology items — such as F-16s and Patriot anti-missile systems — that the United States has sold it over the past few years.

The Defense Department official also pointed out that the 1982 statement also obligated China to pursue a peaceful solution to the Taiwan problem. This official said that China's missile firing exercises and military exercises off Taiwan's coast in 1995 and 1996 constituted a violation of the communiqué as well.

The issue of Taiwan's reunification with China has troubled Chinese leaders since the late 19th century, when Japan colonized the island 100 miles off the coast of Fujian Province. In 1949, Chinese Nationalist troops, led by Chiang Kai-shek, fled there, defeated by the Communists in China's civil war.

The United States broke relations with Taiwan in 1979, the same year it established official ties with China. But Congress soon passed the Taiwan Relations Act, which obligated the United States to protect Taiwan if it was attacked. China to this day maintains a threat to invade Taiwan if it declares independence.

Chinese officials have privately acknowledged that their goal in pushing the United States to decrease arms sales to Taiwan is to tighten the screws on the island nation and further isolate it. Without American security assistance, Chinese officials reason, Taiwan will be forced to begin negotiations with the Chinese government over a political settlement.

In a briefing for American reporters at the sprawling Foreign Ministry compound, Mr. Tang also lambasted the U.S. Congress for what he said was its ignorance about China. And he justified China's decision to hold the welcoming ceremony in Tiananmen Square by saying it was normal protocol.

Congressional critics of President Clinton have criticized him for assenting to the Chinese proposition that he be welcomed near the site of a violent crackdown on student-led protests in June 1989.

House Panel Backs Clinton on Normalizing Trade With Vietnam

The Associated Press

WASHINGTON — A House panel gave its backing Tuesday to the Clinton administration's opening of trade with Vietnam and moved to redefine "most favored nation" trade status, a designation that has been the focus of the annual battle over economic relations with China.

The Ways and Means Committee's trade subcommittee approved a measure that would change "most favored nation" to "normal trade relations."

The term refers to the tariff treatment the United States confers on almost

every country in the world. "This is needed to correct a misnomer under U.S. law," said the chairman of the subcommittee, Representative Philip Crane, Republican of Illinois.

He noted that currently only six countries — Afghanistan, Cuba, Laos, North Korea, Serbia and Vietnam — do not enjoy most-favored-nation status.

While Vietnam is still on that list, President Bill Clinton issued a waiver in March exempting Vietnam from a 1974 law that denies normal tariff treatment to countries with restrictive emigration policies.

Vietnam is not eligible for most-

favored-nation status because it has yet to sign a bilateral commercial agreement with the United States. But the waiver did open the way for Vietnam to get government credits and investment guarantees.

On June 3, Mr. Clinton reissued the waiver for the period of July 3, 1998, to July 2, 1999. Congress can reject that waiver, as some lawmakers try to do every year with China. Representative Dana Rohrabacher, Republican of California, has sponsored such a step, but the subcommittee, in a voice vote, expressed its opposition to his proposal and the full committee was expected to take the same position.

Some Republicans supported that sentiment, saying they hoped to avoid a confrontation that could damage broader U.S. interests during the Clinton trip.

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OPINION/LETTERS

Give Presidents a Break
On Automatic Sanctions

By David S. Broder

WASHINGTON — Senator Richard Lugar of Indiana, a man not given to rhetorical overstatement, calls them an "epidemic." The Republicans' most respected foreign policy spokesman is talking about the raft of economic sanctions imposed by the United States in recent years, a feel-good reflex with decidedly mixed results.

In the 80 years since World War I ended, the U.S. government has banned aid, trade or other commerce with sanctioned nations 115 times. Remarkably, 61 of those actions have been taken during the last five years.

In 1997, the President's Export Council reported, U.S. sanctions were on the books against countries with more than half the world's population. The tool continues to grow in popularity.

One measure, the Freedom From Religious Persecution Act that was approved by the House of Representatives last month, could curb trade with as many as 75 countries, according to the findings of the latest State Department report on human rights abuses.

Sanctions are imposed, almost always, in pursuit of some highly valued principle, whether it be stopping terrorism, slowing the spread of nuclear weapons, halting the drug trade or defending civil liberties.

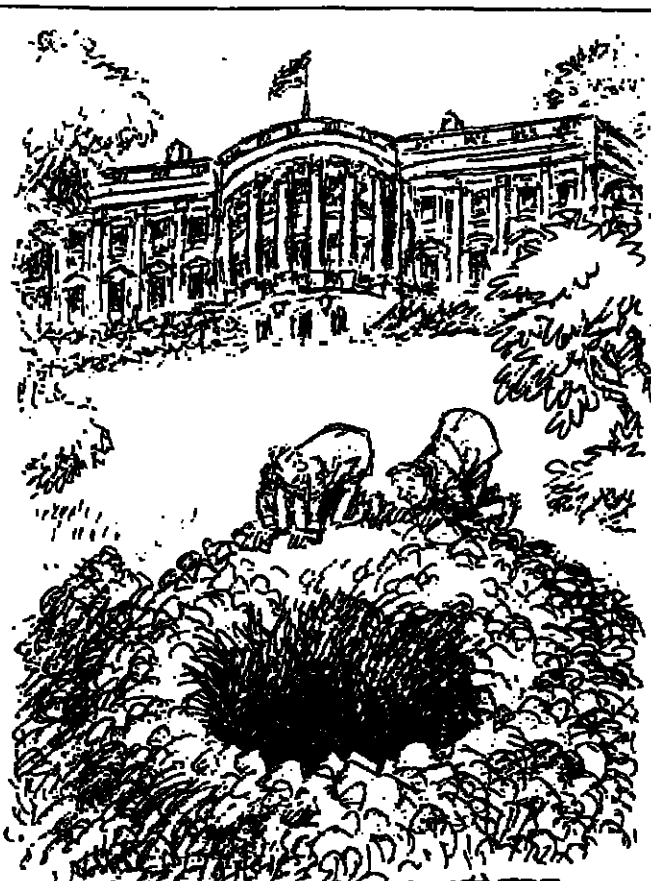
The problem is that unilateral sanctions rarely work; indeed, they often have the effects of hamstringing U.S. diplomacy and antagonizing allies. Too frequently, American companies are shut out of markets others are happy to occupy; too often, the impact is felt by an oppressed population, not by smug, insulated rulers.

The sanctions are commonly imposed by statute, with varying degrees of discretion for the president to apply them. Mr. Lugar says they have become foreign policy-making on the cheap.

"At first," he told me, "there was a feeling in Capitol Hill the administration was not very focused on foreign policy, so everyone felt free to play."

"We have a good number of members who do not want to use the military anywhere," he added. "Sanctions are a way of having your cake and eating it, too. You make a statement, and it appears to be cost-free."

The Washington Post.



They always say that if you dig a hole deep enough you get to China.

LETTERS TO THE EDITOR

World Cup Watchdogs

Regarding "Don't Bet on U.S. Soccer," June 20:

The article highlights John Vinocur's lack of knowledge of how far soccer has progressed in the United States. Eighteen million people there now play organized soccer — town teams and Little League teams. In my home county in New York state, 23 out of 27 high schools play soccer instead of football.

I have lived in Germany for 24 years and have coached a soccer team in my town to four championships in seven years. Ripping a team apart when it loses is not an American trait but more of a German one.

Hiring overpaid Europeans to play in the United States will not help the sport. That was done with Franz Beckenbauer after Pele retired, and that was a giant flop.

MARK SMITH, Alzenau, Germany.

Soccer probably will never

amount to more than a club sport in the United States because we already play a game involving "patience and endurance, nuanced pleasures and low scores." It is called baseball.

TOM BRAMAN, Brussels.

Regarding "Overrated U.S. Team

Leaves a Bitter Lesson," June 17:

Since when does the United States not play to win? Tab Ramos's quote about the U.S. loss to Germany stung worse than the loss itself.

JASON HACKWORTH, Milan.

As a Briton, I would like to apologize to the French people for the shameful behavior of my countrymen and the devastation these thugs have caused to their country and to Marseille.

SARAH J. SHERBROOKE, Dhahran, Saudi Arabia.

Doomsday Techies Bit by the Bug

By Douglas Rushkoff

NEW YORK — "They'll come at night — especially if you've got an electric lamp glowing somewhere, a dead giveaway," warned one member of an on-line survivalist conference.

"I've got an order in on a 500-gallon water tank," explained another. "I'll give you the URL."

"Won't a tank that large be visible from the road?" asked the first.

"No, I'll be keeping it underground."

I had intended to spend the week finishing research for a

MEANWHILE

column about the millennium bug — that software and hardware glitch that will prevent computers from recognizing the year 2000.

But a vast majority of the information and speculation I found had little to do with fixing the problem. Most people appear more concerned with surviving an inevitable crisis of biblical proportions, by any means necessary.

Although apocalypse fans have always looked for any excuse to expect the worst, the millennium bug has provoked a great deal of doomsday scenario planning from otherwise sane people. Thus, they have a technological rationale for their rantings.

The millennium bug does pose

two distinct threats. Many operating systems and programs, from the Cobol code running giant databases to most copies of Quicken in use today, cannot calculate four-digit dates. The year 2000 will appear simply as "00," leading the program to treat any post-millennial date as a repeat of the 1900s.

While engineers are busily combing key software — like the programs running banks and stock exchanges — for such problems, the likelihood that they will find and correct every line of code within the next 20 months is remote.

Even if they do, there is another potential problem: embedded chips. Unlike software, the microchips running everything from nuclear power plants to oil rigs cannot be rewritten. Like the chip inside your VCR or microwave, these devices are not accessible, and their commands are burned in.

The only way to update a non-compliant power plant or robot-filled car factory floor is to determine which chips will malfunction and then replace each one.

In the case of an offshore refinery, it means sending divers hundreds of feet under the ocean surface. And there is disagreement about whether most of these chips use date functions at all.

The CIA has accepted the fact that there will be numerous failures of such systems around the world. But instead of focusing on the technological side of the crisis, the CIA is collecting data on what their Y2K chief calls the "social, political and economic tumult" that could result. That is, it is evaluating individual societies to determine how disruptions in electric power, banking and other services might affect them.

The CIA predicts that newly developed nations, like those in Asia and Latin America, will be the hardest hit.

While the United States, Britain and Australia have had enough time to head off the worst disruptions, as well as having a fairly stable social fabric, many other nations that only recently adopted computer technology do not have the money to invest in diagnosing all their systems or the political climate to ensure public safety.

But many Americans, who have always had something of a penchant for bomb shelters and militia compounds, are busy preparing for the temporary paralysis.

In his new book, "Strategic Re-

location: North American Guide to Safe Places," Joel Skousen, a security consultant, outlines instructions for storing food, creating alternative power and building secret hiding places and storage facilities to thwart hostile intruders and hungry neighbors.

Unlike Mr. Skousen, who believes that neighborhood support groups and food cooperatives would crumble under the pressures of a real crisis, a number of more community-minded survivalists are already developing "safe haven" real estate.

In South Dakota, Colorado and Virginia, several companies are offering leases on plots of land in year-2000 collectives, all with access to private generators, fresh water and farmland. We can only imagine the measures that will be taken to defend such installations.

In truth, the Y2K crisis — if there is one — will probably be fueled more by this sort of panic than by lapses in technology.

Even if the banking system were to shut down for a week, most people could survive on what they have. An extra trip or two to the cash machine before New Year's Eve is all it would take.

But the fear of such a disruption could easily lead to a rush on the banks. Likewise, the hoarding of water, gasoline and other resources would lead to far worse calamity than a day or two of scattered power outages.

The real opportunity here is to resist the temptation to withdraw, not from banks but from society.

Although technology has fostered a vast set of interdependencies, a disruption to the system need not send us running to the hills. We could much more easily educate the public about the potential risks to business-as-usual, and help one another prepare for a few days of inconvenience.

Ironically, those preparing for — and, I would argue, fostering — an apocalyptic scenario are the very people who understand enough about technology to help us prepare for the coming crisis. Unfortunately, they do not understand enough about people to engineer a cooperative, instead of a mercenary, style of social management.

In a sense, the CIA has the right idea. This is not about computer programming at all, but about the real values infusing what we like to think of as our civil society. With any luck, we will come to understand that there is more to survival than meets the "1."

New York Times Special Features.

BOOKS

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By Julian Rios. Translated by Edith Grossman. 244 pages. \$23. Alfred A. Knopf.

Reviewed by Michiko Kakutani

THE premise of this new novel by Julian Rios is an ingenious one: A man who has been abandoned by his girlfriend writes her a series of 26 letters about the "other women" in his life as he wanders about the city of London, looking for his lost love. Each of these women bears more than a passing resemblance to a famous literary heroine, from Froust's Albertine to Raymond Queneau's Zazie, and each is memorialized by Rios's narrator in a manner meant to recall the style of the original author. It's a premise that promises the reader a postmodern send-up of the gaps and overlaps of literature and life, as well as some entertaining literary "high jinks: what you might get if you commissioned Queneau and Donald Barthelme to rewrite "Don Quixote" and "A Portrait of the Artist as a Young Man."

Unfortunately, Rios does not deliver on the enormous potential of his idea. Though

"Loves That Bind" has moments of real cleverness and sleight of hand, it is largely a paint-by-numbers performance, lacking the sort of sustained literary ardor that might have turned it from an experimental curiosity into a tour de force. As a result, the reader is left to focus on the more puzzlike aspects of the novel — trying to figure out the identity of each of the 26 unnamed women, and trying to piece together the story behind the narrator's breakup with his girlfriend.

Many of the literary heroines the narrator claims to have loved or bedded are immediately recognizable. D. for instance, is obviously Daisy from Fitzgerald's "Great Gatsby"; a pretty Southern belle with the sound of money in her voice, an East Egg beauty married to an athletic hunk and courted by a love-lorn millionaire. L. is clearly Lolita, an "apprentice stalker," "Lovely" in her pink miniskirt, preserved "as she was and forever will be" in the narrator's memory. And S must be Sally Bowles from Isherwood's "Berlin Stories" — the English chanteuse with bright green nails and a string of lovers.

Others are somewhat harder

to identify. B is Bonadea from Robert Musil's "Man Without Qualities," an unhappily married woman whose nymphomania encourages her to lead a double life. F is Florence Dowell from Ford Madox Ford's "Good Soldier," an expatriate American who tells her husband she is suffering from a heart condition, even as she embarks on a lengthy affair with a handsome Englishman. And H is Hermine from Hermann Hesse's "Steppenwolf," a strange young woman who wants to make the hero love her so much that he will agree to kill her.

As this selection of literary heroines indicates, Rios's narrator fixates on women who are manipulative, disturbed or simply incapable of being faithful to a single man. Although the narrator's feelings will undergo a gradual shift as the book nears its close — by the letter Y, he has begun to recognize his own shortcomings, identifying with the "stupid goatish pride" of the alcoholic consul in "Under the Volcano" — he tends to focus on the same unsavory aspects of woman-kind in letter after letter. A rich gallery of literary heroines, consequently, is reduced to a surprisingly narrow spectrum of stereotypes: women as faithless sluts, women as scheming man-killers, women as self-pitying doormats.

These portraits are clearly meant to reflect the narrator's state of mind as he pines for his lost girlfriend, but they make for a predictable and monochromatic story. Rios does little to use his narrative setup to explore the disparity between his book-obsessed hero's experience of life through art and his actual experiences in the real world,

and he does even less to make us care about his hero's efforts to recapture his errant girlfriend. The few bits of information we are given about the pair are not enough to loft them out of that limbo of generic ill-fated lovers.

As for the narrator's worries about his ex's safety — he worries that she will be killed by a bomb, a terrorist, a freak accident — they are supposedly meant to reflect his gloomy state of mind, if not articulate his subconscious desire for revenge. They are reiterated so many times, however, and reiterated in such a plodding fashion that they ultimately undermine the story's already pallid suspense.

Matters are not helped by the dubious quality of many of Rios's literary impersonations. Some of his chapters read like little more than flat-footed pastiches of the original author's work. Others read like misconceived — or very poorly executed — parodies. Rios's Faulkner sounds like a run-of-the-mill Gothic writer from the South: "There is no old Southern family without tares blighting its Tara and its bloodline." His Joyce sounds an awful lot like Henry Miller on speed: "His fervent lover from Playboylandia baptized Hugh in the holy land of Hibernia though never did he let her hibernate but had to fornicate when it was almost time for the blight."

Although some subtleties may have been lost in translation from the Spanish, Rios quite plainly has a tin ear for language and locution — a fatal flaw, it turns out, for a book constructed around the idea of literary mimicry and improvisation.

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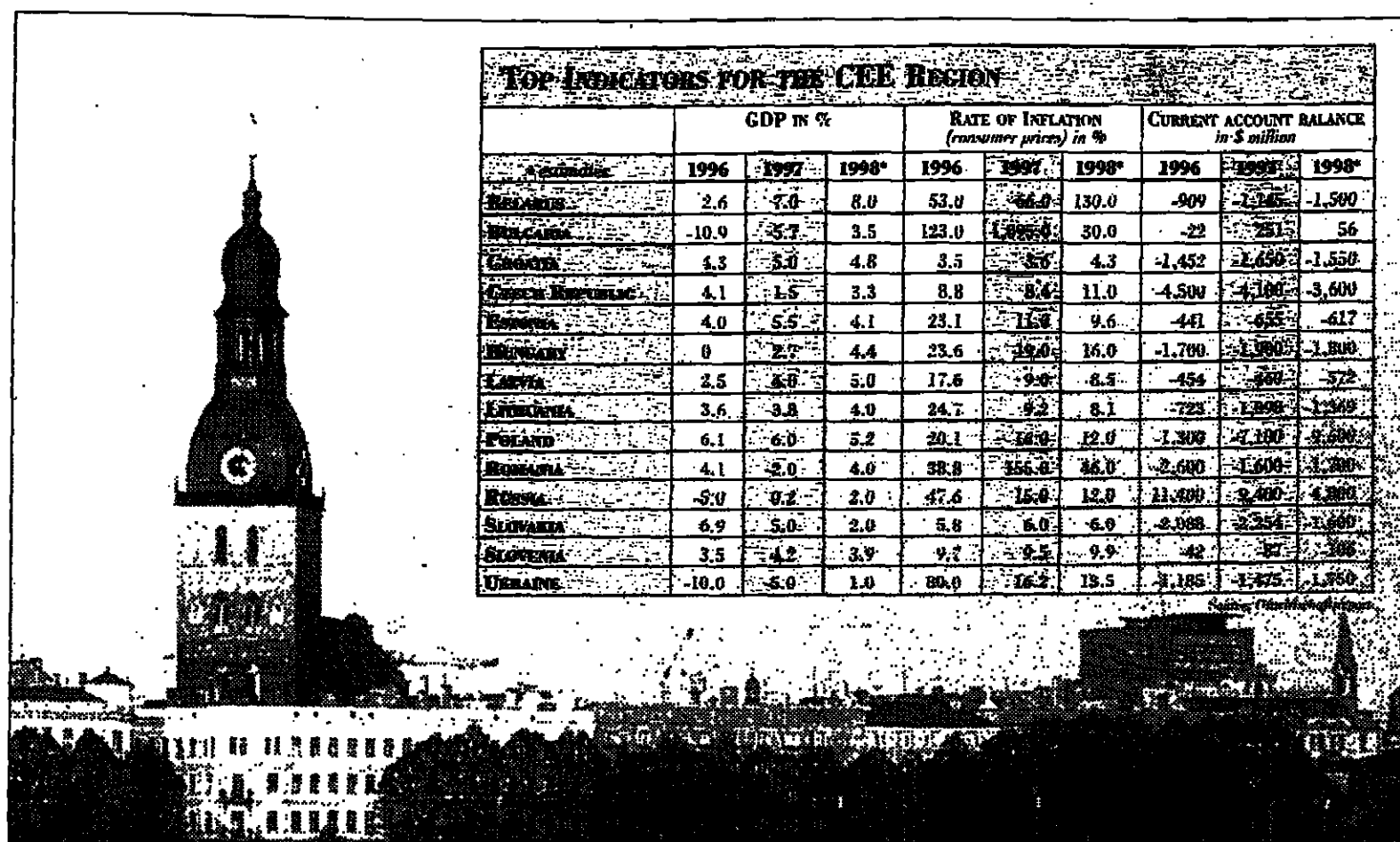
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Technology and incubation centers, which nurture new companies through the start-up phase, have been set up throughout Europe. State or national governments help high-tech companies develop to the point where they are capable of successfully selling their products and services nationally and internationally. In return, these small companies aim to collectively constitute the leading edge of their business communities.

An even greater role is foreseen for Central and Eastern Europe's 569 technology and incubation centers: to help create *Mittelstands* in their countries.

"Mittelstand" is a German word designating a group of innovative small and medium-sized companies, each plugged into its respective segment of the world market.

These *Mittelstands* have generally been missing in the CEE countries, where large companies have been more prominent in innovative products and services. The small and medium-sized companies tend to be in the retailing and trading areas.

There are, of course, a number of significant exceptions. Hungary, the Czech Republic and Poland have a large and growing number of successful soft-

ware start-ups, for instance — and the entire region intends to foster more.

Are the CEE region's

In general, the most dynamic CEE countries tend to have the best technology centers

technology and incubation centers up to the job?

"It's impossible to make a general statement about the level of performance of the CEE region's technology centers," says Bernd Gross, managing director of the Berlin-based German

Association of Technology Centers. "In fact, it's not even possible to categorize those of a single country. Take Russia. Some of its technology centers are nothing more than the R&D offshoots of major companies. These so-called centers lack both independent companies and the requisite technical and commercial infrastructure. Other Russian ones are home to clusters of start-ups, and their equipment and business development services are at levels not too far below those standard to a center in the West."

In general, the most dynamic CEE countries tend to have the best technology

centers. Estonia, for example, is widely regarded — along with Hungary and Poland — as having the most vigorous and successful of the region's economies.

Two in Tallinn

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This trade and the ongoing west-to-east inflow of long-term investment capital are countering the potentially negative effects of Russia's financial problems, political instability in the Balkans and faltering restructuring programs in several countries.

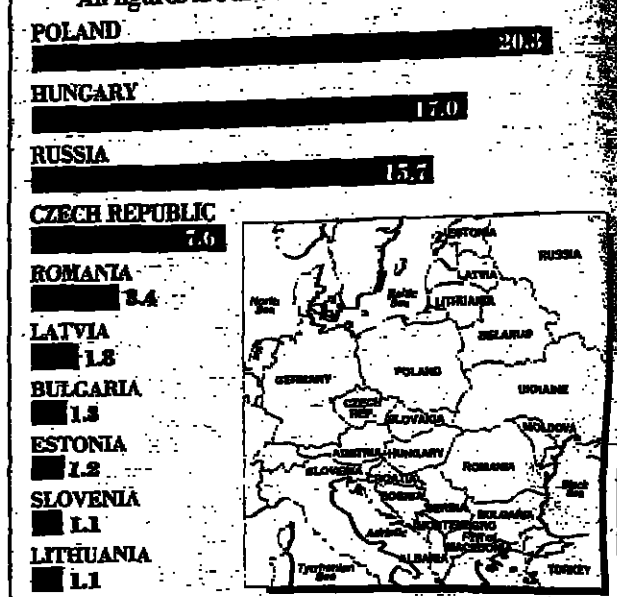
Without this base of support, the difficulties could have precipitated a meltdown. Russia, which accounts for around two-fifths of the CEE region's population and one-third of its trade, has the predominant economy in the region. Its relative size is not the only reason that its current upheavals could unsettle its neighbors' economies. Most of the major CEE-based funds are heavily invested in Russia, and the decline of the country's stocks is bringing down the funds' net portfolio value as a whole.

This might prompt fund managers to push the "sell" button, especially if they are worried about a possible war in the Kosovo region and about the fact that former investment favorites like the Czech Republic and Romania have not done better economically. A flight of speculative capital would further weaken local currencies, making it harder for local companies and banks to pay back the loans received from their international counterparts. This in turn would freeze up the money supply and send the region's economies into reverse. Such a scenario is reminiscent of what happened in Asia.

Investors can breathe a sigh of relief, however, because this situation is not

CUMULATIVE FOREIGN DIRECT INVESTMENT IN TOP 10 CEE COUNTRIES

All figures are as of the end of 1997 (in billion \$)



Source: National Offices of Statistics

likely to materialize, according to Alarich Fenyves, deputy chairman of Bank Austria Creditanstalt International, the international arm of Central Europe's foremost banking group.

"Any tizzies roiling the stock and currency markets notwithstanding, a number of countries in the CEE region — I refrain from lumping these highly individual performers into a single basket — do have strong fundamentals, and these will prevail," he says. "Also helping the countries contend with any excitement issuing from the exchanges are the relatively strong grips that their national governments still have over their economies. This grip means that the countries' economic fates are not totally determined by the flows of international hot money."

Upswing

The facts bear out Mr. Fenyves's assessment. The CEE region's fundamentals are not bad. The mean GDP of the 12 most important CEE countries rose 4.7 percent in 1997, up from the previous year's 4 percent. The average GDP increased by 3.4 percent in 1997. The figure for 1996 was 2.6 percent.

The region's upswing stems largely from the countries' industrial sectors, which increased their mean output by 4.5 percent in 1997, as opposed to 1996's 2.8 percent. But the increases have yet to make much of a dent in the region's mean rate of inflation — still high at 11.5 percent — or unemployment, which remains stuck just above the 10 percent mark.

The strength of the CEE's industrial sector, in turn, de-

rives directly from its ties to the EU, says a report issued by Austria's Raiffeisen Zentral-Bank. The report notes that some 90 percent of the rise in industrial output achieved by the CEE region has ensued from demand and investment from the West.

The one fundamental not in the CEE region's favor is its growing trade deficit with the West, which rose from \$27 billion in 1996 to \$40 billion in 1997. Such best-of-class performers as Estonia, Poland and Slovakia have seen their trade deficits climb well past the 10 percent of GDP mark. Anything above 3 percent to 4 percent is considered critical, according to institutions such as the International Monetary Fund.

Such imbalances prompted the Czech Republic — to name but one country — to institute import restrictions. The restrictions proved unpopular with both the Czech people and international economists.

"Whatever the true believers of economic liberalism may have to say about import restrictions and the other measures flying in the face of their 'let the market right itself' views, the fact remains that these measures have often proven effective over the short run," says Mr. Fenyves. "They have also given a salutary message to the local and international financial markets — that the country's government is determined to get the situation under control."

"This determination can, of course, be expressed in a better and more lasting way — by the instituting of a sweeping program of budget austerity and economic restructuring, something very successfully carried out by Hungary," he concludes. •



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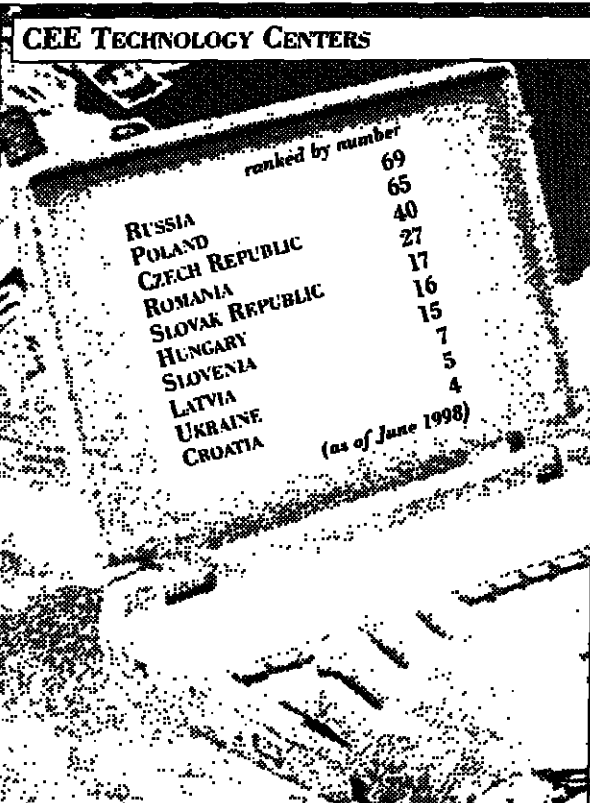
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BANKS FOR SALE

Previous sales have proved successful.

For the CEE countries' privatization programs, this is the year of the banks. Bulgaria, the Czech Republic, Hungary, Poland, Romania and Serbia have announced plans to sell public-sector holdings in leading financial institutions, and Russia might follow suit. Why the focus on banks?

One reason is that previous bank sales have generally been successful, building up investor trust in the process. Poland's Bank Handlowy is an example. The sale of 95 percent of its equity to institutional and private investors in 1997 reaped \$300 million for the Polish state and made the bank the largest single issue traded on the Warsaw Stock Exchange.

According to ING Barings, post-privatized banks have been the top five performers on the CEE's stock exchanges this year. Investors are confident partly because the banks have been "well dressed for sale." Before putting banks on the auction block, governments usually purge the banks' balance sheets of nonperforming loans and burdensome prior commitments. Hungary's Budapest Bank, sold in 1995 to General Electric Capital Corporation, is a case in point.

Another reason for the focus on banks is that it's their turn. Most other enterprises of the CEE economies have been partially or completely privatized, including, notably, the national telecoms. Now up are the banks, oil refineries and gas stations (in Poland, Russia and Romania) and other key assets still in state hands.

A final factor: "It has simply become fashionable in the CEE countries to put your banks on the block," says Alarich Fenyves, deputy chairman of Bank Austria Creditanstalt International. "I don't want in any way to disparage this trend, which I strongly welcome, and which is largely derived from Hungary's success in opening its financial sector to the world market. I just want to note that a psychological element has also manifested itself."

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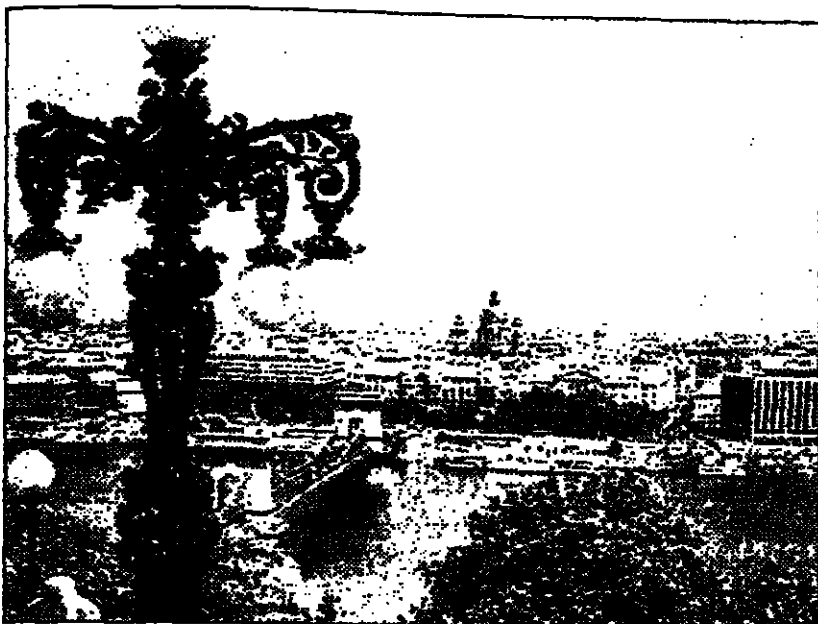
WEBSTERS' LOOK

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EMERGING MARKETS IN CENTRAL AND EASTERN EUROPE



'WEBSTERS' LOOK EAST

Vienna's Web designers and providers want to meet their neighbors.

Vienna is expecting a dramatic fall in its unemployment rate, currently pegged at 8.8 percent by Austria's office of statistics. The number of positions available as of the beginning of May 1998 was 52 percent above the figure at the same time in 1997. The increase recorded in Vienna was twice that registered by Austria as a whole.

Where are these new jobs coming from?

"From the sectors in our business community supplying services, and particularly from the newly founded providers of telecommunications and Internet services," says Klaus Fischbacher, managing director of the Vienna Business Agency. "Both these areas have been creating high-end jobs at a tremendous pace."

The facts support this statement. The number of telecom providers headquartered in Vienna has grown from one to 13 in the past five years. The Internet sector has grown just as fast: there are now 23 companies in Vienna providing access to the Internet, according to the Vienna city government. Not bad for a city of 1.7 million inhabitants.

Today's providers supply much more than simple link-up services. Companies such as VIANET Austria GmbH, EDVg Online and Telecom.at

set up and maintain e-commerce and other dedicated networks for their corporate clients, as well as intranets and extranets.

Most of these telecoms and Internet providers are recording rapid rates of mutually reinforcing growth. The growth in the number of telecom providers is drastically cutting the costs of voice and data communication and other services. This drop, in turn, has made using the Internet — once a relatively expensive proposition in Austria — very affordable. The result is an explosion in the use of the Web.

Vienna-minded

All of the providers, however, face a common hurdle: Their home market is finite and relatively small. Austria has 9 million inhabitants and 400,000 companies.

This problem is not shared by the country's Web agencies, however, of which there are 25 in Vienna. Bearing such whimsical names as "Pixelwings" and "NoFrontiere Design," the Web agencies are free to provide their services to customers anywhere in Europe — and the world. And they have been doing just that.

Their corporate customers include some of the most famous names in Austria, Germany, Switzerland and

other places in Western Europe and North America.

When will Vienna's companies begin receiving commissions from the Central and Eastern European market?

"As soon as the CEE companies make a major move into high-end sites," says Steven Garcia, a manager for U.S.-based Platinum Technologies in the CEE and Commonwealth of Independent States region. "When they do so, it will only be natural for their Web people to work with Vienna's experts. When it comes to ICT [information and communication technology], these companies are very Vienna-minded. After all, much of the software and hardware the CEE companies use

has been supplied to them by the distribution networks headquartered in Vienna and maintained by international companies." The ICT companies also generally provide technical support and consultancy services out of their Vienna regional offices, he says.

"It's working relationships like these that make me so excited about the next few years, in which these two business communities — the growing ranks of high-tech companies in Central and Eastern Europe, and Vienna's rapidly expanding on-line cluster — will grow up, and will grow closer together," says Brigitte Ederer, president of the Vienna Business Agency and municipal councillor in charge of managing Vienna's finances.

BROAD MUTUAL FUNDS ARE THE BEST BET

Investors are advised not to spend it all in one place, say those who follow the stock exchanges.

Investing in a single CEE company or country on a short-term basis can be a high-stakes, high-risk affair. Placing and keeping your capital in a broad-based mutual fund is a relatively safe bet, one likely to pay off in the long run.

That's the consensus of analysts following the CEE region's seven major stock exchanges. The first statement arises from the stock exchanges' growing number of "crash-and-burn" stories, in which the glowing prospects of high-flying "can't miss" turned out to be figments of investor enthusiasm.

The second statement is based on the "region with plenty of room to grow" theory. The theory runs like this: The CEE region's stock exchanges are currently underperforming by world standards.

Since the stock exchanges have fundamentals as good as — or even better than — many of their counterparts elsewhere, the exchanges' averages are bound to rise to "normal" levels sometime.

The most important of these fundamentals is the local stocks' extremely low price-earnings ratios. These, in turn, are partially the products of the good profitability of

many companies within the region. Adherents of the broad-based investment theory place their trust in another fundamental: \$105 billion. That's the total current market capitalization of the CEE countries. It comes to 21 percent of the countries' total GDP. Since this percentage is a tiny fraction of those found in Western countries, that figure, too, will no doubt adjust itself in the not-too-distant future.

The key question is, when? When will the good rates of economic growth that a number of CEE countries are consistently recording win back the West's institutional investors, who are now reluctant to invest in a region experiencing its share of political and economic turmoil? Fresh money from the investors would, of course, send the exchanges' averages soaring.

The answer seems to be, once the Russian crisis is over. Until then, stock market analysts have two pieces of advice for "outsiders" wishing to invest in the exchanges: buy now, since you are probably buying into the bottom of the market, and stay away from individual companies, unless they are verifiably the bluest of the blue chips.

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Continued on Page 19

Flying Low, the Loonie Ruffles No Feathers

Canada Stays Calm About Its Dollar's Fall

By Anthony DePalma
New York Times Service

REGINA, Saskatchewan — It has become a regular, almost routine, occurrence: Another day, another record low for the Canadian dollar.

The recurring declines that have sent Canada's currency to one low after another since the beginning of this year might have caused a panic in many countries, especially in these jittery economic times when fluctuations in the Japanese yen or the Thai baht send shivers throughout the world.

But this is calm, collected Canada. Its currency was worth around 68 American cents on Tuesday, just above the record low, and it appears to be headed lower. Yet, despite the best attempts of chauvinist columnists and all-news radio stations to stir things up every time the Canadian dollar weakens, Canadians are acting as though pretty much nothing has happened.

Indeed, not only have most Canadians blandly tolerated the latest, relatively modest, decline of their dollar — popularly known as the "loonie" — because the dollar coin bears the image of a common loon on one side — some are even cheering the currency's steady fall.

"Every time I see the loonie fall I think 'Yes! All Right!'" said Jack Degelman, a manufacturer and exporter of farm equipment in Regina, Saskat-

chewan. "Having a lousy dollar definitely helps us out."

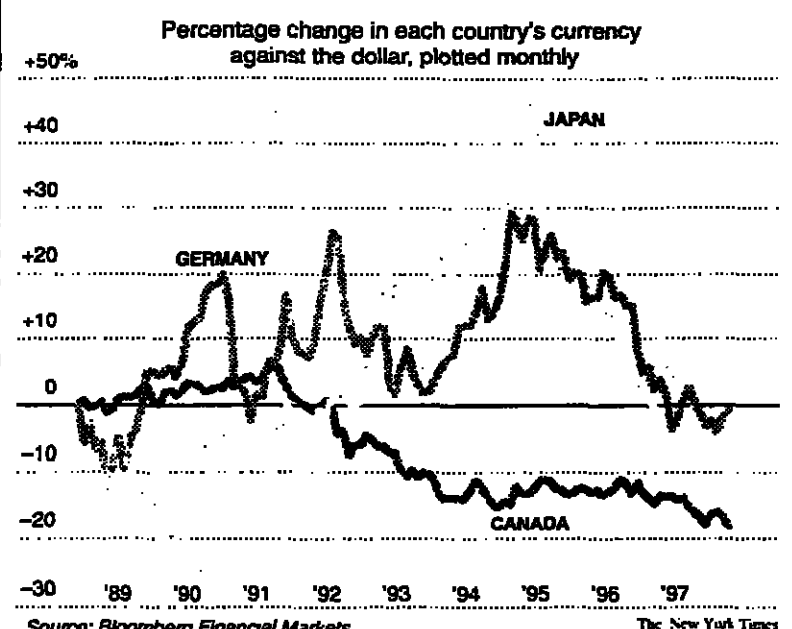
A lousy Canadian dollar makes products like the rock pickers, produced by Degelman Industries Ltd., cheaper for buyers with American dollars, and Mr. Degelman's sales have been on the rise. Since more than 80 percent of Canada's exports go to the United States, the lopsided exchange rate helps lift the entire manufacturing and export sector.

That has given Ottawa a big reason not to do much to keep the loonie from sinking. Besides, the overall Canadian economy continues to be strong, with low inflation, attractive growth and the first balanced budget in decades.

But while exporters may laud the currency's depreciation — and record numbers of American tourists discover how much further their dollars can go north of the border — plenty of Canadians are feeling some pain.

Even with slight improvements that have, at least for now, pushed the loonie back up over 68 cents, importers have watched their profit margins shrink drastically. Canadians who usually flock to Florida and other warm spots in the United States are cutting their trips short or flying directly to Mexico, where the Canadian dollar continues to hold its own against the peso. The Toronto Blue Jays baseball team, with its \$50-million payroll in American dollars, buys greenbacks months in advance as a safe-

Canada's currency has fallen more than currencies of other industrialized countries. But the country is not panicking because its economy is otherwise relatively healthy.



A Microsoft Victory, But Big Case Looms

Firm May Sell Browser With Windows 95

By Mitchell Martin
International Herald Tribune

NEW YORK — Microsoft Corp. won a round in its antitrust battle with the U.S. government on Tuesday when an appeals court said it could sell its Internet Explorer program as part of its Windows 95 operating system.

The Court of Appeals for the District of Columbia also removed the special master appointed to gather information in the case, saying the issue was not technologically complex. Microsoft has complained that the master, Lawrence Lessig, a Harvard University law professor, is biased against it, but the appeals court did not take that into account.

Microsoft's stock rose more than 4 percent on the news, closing \$4.9375 higher at \$100.75. But analysts said a more recent set of legal actions filed by the federal government, 20 states and the District of Columbia was a bigger challenge to the software company's aggressive corporate practices. That case also will affect Windows 95, the company's updated operating system.

Because its operating systems are used on about 90 percent of the personal-computers sold, Microsoft has come under scrutiny for practices that seem designed to take advantage of its commanding position to control other software-related fields.

"This whole issue with Microsoft has

moved well beyond the browser," said David Carley, senior vice president of Meta Group Inc., a research organization in Stamford, Connecticut. "The focus is Microsoft's overall business practices, their licensing practices, and the way they tie many of their products together both technically and from a marketing/licensing aspect."

The ruling on Tuesday concerned a case brought last year by the government that contended Microsoft violated a 1995 consent decree with the Justice Department by requiring computer makers to load its Internet Explorer browsing software if they licensed its Windows 95 operating system.

Microsoft said the agreement allowed it to improve its products by integrating new functions and that Explorer was not a separate product.

On Dec. 11, the district-court judge hearing the case, Thomas Penfield Jackson, granted a preliminary injunction that forced Microsoft to stop bundling Explorer with Windows 95.

The appeals court said Tuesday that this injunction had been granted "without adequate notice" to Microsoft and had been based "on an erroneous reading" of the consent decree. It also criticized the appointment of a special master as "a clear abuse of discretion or an exercise of wholly nonexistent discretion," saying the words of the consent decree "are in plain English."

Kevin Fogarty, technical sections editor of Computer World magazine in Framingham, Massachusetts, said the Justice Department had been pursuing "a weak line" of reasoning. He said the suits filed on May 18 by the department and the states, had a better chance of succeeding because they were pursuing other actions, such as Microsoft allegedly pressing Internet service providers to give customers Explorer instead of the competing Netscape Navigator browser.

Mr. Carley said there were "cases in point" of Microsoft pursuing aggressive practices.

Nonetheless, Erin Brewer, a Microsoft spokeswoman, said the ruling supplied ammunition for the company's defense because part of the new legal actions were "based on the same argument that Internet Explorer is separate from Windows."

Tokyo Fine-Tunes a 'Total Plan' on Bank Reform to Calm Markets

By Sheryl WuDunn
New York Times Service

TOKYO — The Japanese finance minister tried to calm the markets Tuesday and avert a further sell-off in the shares of a weakened Japanese bank, as the government moved a step closer to setting up a special institution that could help restructure failed banks.

The nation's leaders are frantically working out the details of a grand scheme, called the Total Plan, to tackle the nation's \$600 billion in bad and doubtful loans. The plan has taken on a

special urgency now because of news reports that one of Japan's 19 largest financial institutions is in financial trouble, and the market has driven its stock down by more than 60 percent in the last couple of weeks.

The Long-Term Credit Bank is reportedly looking for a rescue merger to help stabilize its business, which has been attacked in recent weeks after reports that it was having difficulty in meeting funding requirements. The bank has denied all the reports, as well as accounts of various merger discussions, but it said Tuesday that it was

seriously working on a plan to restructure its business.

Government leaders voiced assurances that depositors, counterparties and holders of the bank's debt instruments would not suffer losses.

"Generally speaking, the government has never changed its will to fulfill the commitment to fully protect interbank transactions as well as deposits," said Finance Minister Hikoichi Matsunaga. "I hope depositors and investors feel assured about their assets."

The interbank market, in which banks borrow and lend among each other on an

overnight basis, is the lifeblood of the financial market, and one of the greatest fears of a weak bank is that it gets shut out of borrowing in this market. On Tuesday, the Bank of Japan poured about \$3 billion into the money market, creating an overall surplus of funds worth \$8.8 billion, according to the evening edition of the Nihon Keizai Shimbun, the leading economic daily.

Long-Term Credit's stock price fell to a record low of 62 yen Monday, from over 200 just a couple of weeks ago. On Tuesday, it was the most heavily traded stock, closing at 71 yen.

Stocks fell Tuesday across Asia, led by Japan and South Korea, as investors showed they were unimpressed with government efforts across the region to ward off recession. Bloomberg News reported, Japan's Nikkei 225 Stock Index fell 254.49 points, or 1.66 percent, to 15,054.60. Benchmark indexes also tumbled in Singapore, Malaysia, Taiwan and Thailand.

Prime Minister Ryutaro Hashimoto also tried to reassure depositors and investors, saying at a news conference that the government would "absolutely protect financial system stability."

WALL STREET WATCH A New Challenge for Buffett: Questions

By Edward Wyatt
New York Times Service

NEW YORK — It could be Warren Buffett's biggest challenge yet.

Not the acquisition of General Re Corp., the reinsurance giant that Berkshire Hathaway Inc. agreed to buy last week for \$21.7 billion in stock. Rather, his taking on the often-urly Wall Street professionals who, as part of the deal, will become holders of 15 percent of the shares of Berkshire Hathaway. Mr. Buffett's far-flung corporate empire.

For years, Mr. Buffett has enjoyed a luxury unknown to most other American chief executives. He answers almost exclusively to individual investors, roughly 150,000 average Americans who have often paid premium prices to invest by his side as holders of Berkshire Hathaway stock. But institutional investors — the professionals who manage portfolios for mutual funds, college endowments and big corporations — have almost wholly avoided Berkshire.

With the purchase of General Re, Berkshire Hathaway will gain an entirely new class of shareholders: the institutions that now own some 85 percent of General Re's shares.

Those professional investors, if they decide to remain long-term holders, are more likely to ask pointed questions about Mr. Buffett's plans for Berkshire, his investment outlook and who will be running the company after he departs.

Institutional investors have not avoided Mr. Buffett's company because



Mr. Buffett seeks 'more trading.'

they do not believe in the magic of the man from Omaha, Nebraska. Rather, Berkshire shares are relatively illiquid. Only about 200 of the company's class A shares, which closed Tuesday at \$78,505, up \$1,005, change hands on the New York Stock Exchange each day. That has made big professional investors, who demand stocks that can be traded easily and quickly, loath to invest.

Even the company's class B shares, first offered two years ago as a cheaper alternative to improve the stock's liquidity, can, at \$2,621, up \$26 a share on Tuesday, sometimes prove hard to buy and sell.

Institutions have also stayed away because individuals, in their eagerness to own what Mr. Buffett owns, have often pushed the price of Berkshire's

stock far above the value of the assets owned by the company.

Berkshire Hathaway is not, of course, the average corporation. It is a fanciful conglomerate that combines Main Street businesses that seem to personify Mr. Buffett's homespun image — like See's Candies, International Dairy Queen and World Book Encyclopedia — with big stakes in some of corporate America's crown jewels, like Coca-Cola Co., Walt Disney Co. and Gillette Co.

At a news conference Friday to announce the acquisition, Mr. Buffett sounded sanguine about the change in his constituency. "We would hope that what we do at Berkshire makes enough sense to them," he said.

One of the benefits of the merger would be to create "a substantially larger float" in Berkshire shares, Mr. Buffett said — referring to the number of shares in general circulation.

"I think there will be more trading" as a result, he added, perhaps making institutions "more willing to own Berkshire."

At the end of March, five institutions each owned more than 3 percent of General Re's shares, according to Technometrics Inc., which tracks institutional stock data. Capital Research and Management, which oversees the American Funds family of mutual funds, was the largest holder, owning 6 percent of the shares. In contrast, only one institutional investor owns more than 3 percent of Berkshire Hathaway's class A shares: Ruane Cunniff & Co., a New York investment firm.

CURRENCY & INTEREST RATES														
June 23														
Cross Rates														
	\$	DM	FF	Yen	GBP	Sw	NZ	HK	Sing	Thai	Indo	Malay	Phil	Other
Australian	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Brussels	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Frankfurt	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
London	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Madrid	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Milan	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
New York	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Paris	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Tokyo	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Toronto	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Zurich	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 EUR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 GBP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 JPY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 NZD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SGD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 THB	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 MYR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 PHP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 IDR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 INR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 BRL	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 CNY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 HKD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 TWD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 KRW	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 JPY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 AUD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 NZD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SGD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 THB	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 MYR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 PHP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 IDR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 INR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 BRL	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 CNY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 HKD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 TWD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 KRW	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 JPY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 AUD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 NZD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SGD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 THB	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 MYR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 PHP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 IDR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 INR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 BRL	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 CNY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 HKD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 TWD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 KRW	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 JPY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 AUD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 NZD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SGD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 THB	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 MYR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 PHP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 IDR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 INR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 BRL	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 CNY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 HKD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 TWD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 KRW	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 JPY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 AUD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 NZD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SGD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 THB	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 MYR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 PHP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 IDR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 INR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 BRL	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 CNY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 HKD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 TWD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 KRW	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 JPY	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 AUD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 NZD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 SGD	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 THB	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 MYR	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
1 PHP	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.

Dollar Rises Amid Worries About Japan

NEW YORK — The dollar rose on Tuesday against the yen as investors reacted quickly to revive markets and lift the economy from recession.

There are no signs the Japanese economy is recovering, said Rick Zander, manager at Friedberg Capital Management Inc. in Toronto. "The Japanese are slow to act. The dollar is going to go down."

The dollar was quoted at 148.15 yen, up from 147.60 on Monday.

The dollar received an added boost from the yen in the wake of...

FOREIGN EXCHANGE

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The dollar received an added boost from the yen in the wake of...

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AS - Australian Dollars; A\$ - Austrialian Schilling;
BF - Belgian Francs; C\$ - Canadian Dollars; DM -
Deutsche Mark; Dk - Danish Kroner; Df -
Dollars; ECU - European Currency Unit; FF -
French Francs; Ft - Finnish Mark; Lf - Dutch
Florins; IOR - Indonesian Rupiah; L - Italian Lire;
LF - Luxembourg Francs; p - penny; MYR -
Malaysian Ringgit; Ptas - Pesetas; S\$ -
Singapore Dollars; SF - Swiss Franc; Sbk -
Swedish Kroner; THB - Thai Baht; Y - Yett.

a - asked; a - Offer Prices; N.A. - Not Available;
N.C. - Not Communicated; o - Offer; S -
suspended; S/G - stock price; Ex - Ex-Dividend;
Ex-Rts. - % Offer Price and % premium change;
- Paris exchange; - Amsterdam exchange;
misquoted carrier; 2 - not registered with
regulatory authority; P - inside of bid and offered
price; E - estimated price; y - price calculated 2
days prior to publication; z - bid price.

Tuesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

Yr	Month	Day	Loc	Wind	PE	Temp	Humid	Cloud	Chge
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Tuesday's 4 P.M. Close
(Continued)

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ASIA/PACIFIC

U.S. Pins Hope on Jiang: Don't Drop the Yuan

President Bill Clinton will arrive in China on Thursday for summit talks with the Chinese president, Jiang Zemin, amid mounting international concern about the contagion effects of recession in Japan. On a visit to the Asia-Pacific region, Lawrence Chimere, managing director and chief economist at the Economic Strategy Institute in Washington, discussed the meeting with Michael Richardson of the International Herald Tribune.

Q. Will the financial and economic crisis in East Asia loom large on the agenda of the summit?

A. Mr. Clinton will tell the Chinese that the crisis has intensified and that they have a responsibility to do what is necessary to prevent it from becoming worse. This and the restructuring of China's economy will be the two key issues he will focus on.

Q. Why is the United States so concerned about a possible devaluation of the Chinese yuan?

A. Washington is worried that if

Q & A / Lawrence Chimere

China devalues its currency, it will put downward pressure on other East Asian currencies through a series of competitive devaluations, which will create more financial market instability and delay a bottoming out of the economic crisis.

Q. What leverage does the U.S. have over China to persuade it not to devalue?

A. The biggest leverage is access to the American market. China has an annual trade surplus with the U.S. amounting to about \$40 billion. A significant share of China's exports go to the U.S. Anything we do that would make it more difficult for them to penetrate our market would hurt their economy.

There are two ways of exercising this leverage. One is immediate, by not renewing China's Most Favored Nation status, which would mean a huge increase in tariffs on Chinese imports. Mr. Clinton said recently

that MFN should be extended, giving Congress 30 days to respond. There is already some concern in Congress about extending MFN to China on human rights grounds.

The second arm of U.S. leverage revolves around China's strong desire to be admitted to the World Trade Organization. The further opening of China's market remains a key American priority. But I think it will also be made clear at the summit that the U.S. will not support China's accession to the WTO if it doesn't cooperate in trying to help ease the crisis in Asia.

Q. Is the U.S. confident that Japan will take action to strengthen the yen by stimulating domestic demand, deregulating its economy and cleaning up its banking system?

A. In public, U.S. officials are trying to appear confident; in private, those I talk to are quite

concerned. They've heard these promises from Japan before. They worry that the Japanese political system is not moving rapidly enough. They also worry that Japanese bureaucrats have a vested interest in preserving the status quo and have become an impediment to change. So there is still great concern in the U.S. government about how quickly the Japanese will address their economic problems.

Q. Where do the responses of China and Japan to the East Asian crisis leave them in U.S. eyes?

A. I think the U.S. is looking at China in a somewhat different way now than it did earlier, partly because it needs Chinese help in containing the crisis in Asia, partly because of concern about nuclear proliferation which has been heightened by the testing in India and Pakistan, and partly because Washington is having such a difficult time in getting the Japanese to move in the direction it wants them to go.

China Backs Aid For Unemployed

The Associated Press
BEIJING — The Communist Party and government leaders warned Tuesday that more needed to be done to find jobs for millions of workers laid off from struggling state industries. Strong measures must be taken to reform state enterprises and preserve social stability, the Communist Party's policy-setting Central Committee and the State Council, or cabinet, said in a circular published by leading official newspapers Tuesday.

It called on government at all levels to expand retraining programs and provide stipends to those who were laid off.

The circular promised that more than 50 percent of workers who were laid off this year would find new employment. But it warned that it would take five years to put in place a system that would guarantee welfare, unemployment, medical and pension payments.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
12000	1700	17000
11000	1600	16000
10000	1500	15000
9000	1400	14000
8000	1300	13000
7000	1200	12000
1998	1998	1998
Exchange	Index	Tuesday Close
Hong Kong	Hang Seng	8,219.67
Singapore	Straits Times	1,082.25
Sydney	All Ordinaries	2,582.60
Tokyo	Nikkei 225	15,054.68
Kuala Lumpur Composite		457.25
Bangkok SET		274.06
Seoul Composite Index		303.31
Taipei Stock Market Index		7,633.36
Manila PSE		1,695.66
Jakarta Composite Index		423.09
Wellington NZSE-40		1,953.68
Bombay Sensitive Index		3,037.34
		Prev. Close
		8,204.21
		1,078.45
		2,566.80
		15,308.06
		457.61
		275.90
		311.27
		7,692.91
		1,688.69
		420.66
		1,942.31
		3,078.51
		Change
		-0.19
		-1.67
		-0.56
		-1.90
		-0.08
		-0.97
		-2.56
		-0.77
		-0.57
		-0.58
		-0.50
		-1.34

Source: Reuters

Very briefly:

- Moody's Investors Service Inc. warned that Philippine banks, while likely to survive the economic turmoil sweeping Asia, may be understating the extent of their problem loans.
- South Korean computer users appealed to Hangul & Computer Co., a local company, to turn down a \$20 million investment offer by Microsoft Corp. that would require it to abandon its Korean-language word-processing software. More than 15,000 people organized a citizens commission to urge Hangul to scrap the investment deal, said Wi Hyung Bok, chairman of the commission.
- All Nippon Airways Corp. announced a series of cost-cutting moves, including a reduction in aircraft purchases, holding down new hiring and trimming senior executives' salaries, as part of a three-year plan to raise profits.
- Motorola Corp. and Lucent Technologies Inc. signed contracts with Chinese telecommunications companies to supply equipment worth almost \$300 million.
- Dai-ichi Life Insurance Co. said it and 12 other insurers will file a joint suit at the Tokyo District Court against Yamaichi Securities Co. to recover 41 billion yen (\$296.9 million) in subordinated loans.
- Vietnam posted year-on-year inflation of 8.7 percent for the month ended Monday, showing an upward trend in prices despite a slowdown in economic growth, according to preliminary figures.
- Lane Crawford International Ltd., a Hong Kong retailer, said its profit fell 95.5 percent, to 1.4 million Hong Kong dollars (\$180,796), in the year ended in March.
- Salomon Smith Barney Asset Management will buy JP Morgan Investment Management Australia for an undisclosed sum.
- Hong Kong's retail sales fell at an annual rate of 16 percent by volume, the sixth straight monthly decline, in April.
- Motorola Inc. will lay off 380 employees, or 9 percent of its Singapore work force, in response to the regional economic downturn.

Bloomberg, AP, AFP

GM in China: Long Road To Profits

By Peter Hannam
Bloomberg News

BEIJING — General Motors Corp. agreed this week to invest more money in China, underscoring the mainland's continuing allure for foreign companies as President Bill Clinton heads to the country.

GM will almost double the size of a joint venture in Shenyang, north-eastern China, to \$230 million and will increase its stake to 50 percent from 30 percent. That factory, which makes Chevrolet Blazer sport-utility vehicles and pickups, turned out just 1,200 vehicles before shutting down three years ago to stem losses.

Investing now may be risky as China's economy slows for the first time since 1990 and currency turmoil in Asia raises the specter of a punitive devaluation of the yuan. Return on dollar investments in China have often proved elusive for foreign companies seduced by the thought of 1.2 billion consumers with \$1 trillion in the bank.

But GM and others say investments will pay off in the long run. Foreign companies pumped an av-



Police officers checking out a Chinese-made Daihatsu Xiali on display at the China Auto Show in Beijing on Tuesday.

erage \$100 million a day into China during the past five years.

"We see it as the growth market for the next 15 years," said Larry Zahner, an executive vice president at GM China.

GM's \$1.6 billion joint venture in Shanghai is China's biggest single industrial foreign investment project. GM will build mid-sized luxury sedans in Shanghai in a contract with Shanghai Automotive Industry Corp., a major domestic producer.

The Shanghai plant "is not a loss leader," said Rudy Schlaiss, president of GM's China business.

"This is based on sound business practices and sound returns to our investors."

To make money, GM will need customers. State-owned Chinese companies are likely to cut millions of jobs during the next three years in order to remain solvent. Urban residents have increased their savings to cope with the expected loss of state-subsidized housing.

Many doubt GM will succeed. "GM won't make a profit in Shanghai for 10 years," said Martin Posth, an industry consultant at Arthur D. Little.

Hong Kong Sales Fall 16%

Bloomberg News

HONG KONG — Shopkeepers had their second worst month on record in April, in further evidence that Hong Kong is sliding deeper into recession, according to government data.

Retail sales fell at an annual rate of 16 percent by volume, the sixth straight decline, the government said. This is causing the economy to contract as private consumption makes up about 60 percent of total expenditure.

The inflation rate was 4.5 percent in May, down from 4.7 percent a

month earlier, the government said.

"It's yet another sign the economy isn't turning around," said Rob Brewis, portfolio manager at Nicholas Applegate Capital Management Ltd. in Hong Kong. "The threat of deflation is bad news for retailers and property developers."

This concern doused optimism generated by the government measures, announced Monday, part of a \$32 billion Hong Kong dollar (\$4.1 billion) package to bolster the economy. The benchmark Hang Seng stock index edged 0.2 percent higher, and local interest rates rose.

Tokyo Holds Out on Trade Liberalization

The Associated Press

KUCHING, Malaysia — Trade talks among Pacific-Rim countries ended Tuesday, with Japan the lone holdout on an agreement to ease barriers in nine key markets.

The United States suggested that Tokyo did not want to join in a fast-track liberalization plan before general elections in Japan in July.

After two days of talks among trade ministers of the Asia-Pacific Economic Cooperation forum, the U.S. trade representative, Charlene Barshefsky, said: "The message to Japan from APEC is:

We're all ready. Where are you?" The ministers were debating a plan to begin by next year liberalizing trade in environmental products and services, energy, fisheries, forest products, toys, jewelry, medical goods, chemical products and telecommunications.

Senior delegates said that Japan wanted to opt out of specific tariff reductions in the fisheries and forestry sectors.

Trade Minister Rafidah Aziz of Malaysia, the host of the meeting, said the organization now hoped to complete the plan by September.

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WORLD PRESS GROUP

WEDNESDAY, JUNE 24, 1998

WORLD ROUNDUP

Lockout Looms

The National Union of Public Employees (NUPE) is threatening a strike over a new contract. The union is demanding a 3 percent pay rise and better working conditions. The government is offering a 2 percent rise. The union is threatening to go on strike if the offer is not accepted.

Morocco Receives Ban

ATHENS — A Moroccan soccer player has been banned from the World Cup. The player was found guilty of using force to enter the stadium. The ban is for two years.

Maple Leaf Firm Catches

ICEHOCKEY — A Canadian hockey player has been caught using performance-enhancing drugs. The player was found guilty of using steroids. The player has been suspended for two years.

Pain in Neck Is Bed of Roses

The Russian government is facing a crisis. The government is struggling to deal with the economic situation. The government is facing a lot of criticism from the public.

BASEBALL ROUNDUP

The Yankees are leading the league. The Yankees have won the most games. The Yankees are the favorite to win the World Cup.

SCOREBOARD

BASEBALL	MAJOR LEAGUE STANDINGS
AL EAST	Yankees 100-54, Red Sox 88-66, Orioles 77-77, Blue Jays 77-77, Tigers 77-77
AL CENTRAL	White Sox 88-66, Twins 77-77, Indians 77-77, Royals 77-77, Athletics 77-77
AL WEST	Angels 77-77, Mariners 77-77, Rangers 77-77, Astros 77-77, Braves 77-77
NL EAST	Braves 77-77, Marlins 77-77, Mets 77-77, Phillies 77-77, Pirates 77-77
NL CENTRAL	Cubs 77-77, Cardinals 77-77, Reds 77-77, Expos 77-77, Giants 77-77
NL WEST	Padres 77-77, Dodgers 77-77, Giants 77-77, Rockies 77-77, Mariners 77-77

WORLD ROUNDUP

Lockout Looms

The National Basketball Association and its players union ended bargaining talks after 30 minutes without making any progress toward averting a lockout that would shut down the league on July 1.

No talks are set before June 30—the last day of a three-year-old agreement. A lockout is expected to begin July 1. The NBA says almost half the league's 29 teams lost money last season. The union says that number is closer to four. (AP)

Morocco Receives Ban

ATHLETICS The International Amateur Athletic Federation has banned Morocco from holding future events because it refused visas to the Israeli team for the world cross-country championships in Marrakech in March. (Reuters)

Maple Leafs Fire Coach

ICE HOCKEY The Toronto Maple Leafs fired coach Mike Murphy on Tuesday. Murphy had failed to get the team to the playoffs in two seasons in charge. A possible replacement, Pat Quinn, the former Vancouver Canucks general manager and coach, met with Ken Dryden, Toronto's GM, over the weekend.

On Monday, the Canucks hired Brian Burke, who spent the last five years in charge of disciplining players as senior vice president of the National Hockey League, as GM. He fills a vacancy created when Quinn was fired in November. Burke was Vancouver's assistant GM, under Quinn for five seasons from 1987. (AP)

Venus Is Rising: She Gets First Wimbledon Victory

Williams Joins Her Sister, Serena, in Tourney's 2d Round

By Jennifer Frey
Special to the Herald Tribune

WIMBLEDON, England—Venus Williams declared her Tuesday afternoon appearance at the All England Club to be her Wimbledon debut, no matter what the history books might say.

Forget the five days she spent watching it rain here last June. Forget the dreadful three-set loss to Magdalena Grzybowska. Forget the purple and green beads she threaded through her hair.

Able to ignore the past, but not necessarily her obvious unease on the grass surface, Williams survived two rain delays during this soggy second

day of Wimbledon to capture a 6-3, 6-3, first-round victory over Jana Nejedly of Canada.

Seeded seventh in the field even though she has never won a match here, Williams shied away from the net and slipped a few times on the damp and relatively unfamiliar surface. But she still managed to win her first Wimbledon match—one day after her younger sister, Serena, cruised through her Wimbledon debut with a straight-set victory.

The two teenaged Americans—Serena is 16 and Venus just had her 18th birthday—joined another teen queen, Martina Hingis, the No. 1 seed and the defending champion, in the second round.

Hingis, 17, returned to Centre Court on Tuesday and surprisingly struggled before dispatching Lisa Raymond of the United States, 7-5, 6-3, in another rain-interrupted match.

In addition, No. 3 Jana Novotna—Hingis's victim in the 1997 final—cruised to a 6-2, 6-2, first-round victory over Sandra Kleinova.

"This is my first win at Wimbledon and last week I didn't do so well at Eastbourne," said Venus Williams, referring to the grass-court tune-up tournament she played. "But it's comforting to

see things are going better."

One year after miserable rains turned the 1997 tournament into the wettest Wimbledon in history, All England Club officials were forced to cancel dozens of matches on Tuesday. The second matches scheduled on all the courts did not commence until at least 6 P.M.

During last year's long rain delays, Venus Williams spent most of her time in the players' lounge with her sister, who served as her practice partner and best friend. This time, Serena—already comfortable in the knowledge that she knew how to be successful on Wimbledon's grass—talked strategy with her big sister while they waited for the weather to improve.

Venus, refusing to play a serve-and-volley game despite her tremendous height, wingspan and power, had just one net approach during her match with Nejedly, although she guaranteed afterward that she would change her style in the next round.

"It was tough, because the court was wet and I generally want to stick with my regular game," said the 6-foot-2-inch (1.88 meter) Williams, who made frequent eye contact during the match with her mother, Oracene, who sat in a wheelchair at court level, nursing a broken left ankle.

In her first grass-court appearance this year, last week at Eastbourne, Venus lost a quick 6-2, 6-1 match to Natasha Zvereva. Afterward, Serena bluntly acknowledged that Venus's ability to adapt to different surfaces was not what it should be.

"Some days Venus can be a force and others she can be a completely different person," Serena said at Eastbourne. "I eradicated that tendency a long time ago. I concentrate properly on the surface involved, which is something Venus is struggling to do."

Hingis, who lost one rival when Anna Kournikova withdrew with a thumb injury on Monday, dismissed Tuesday the chances of the Williams sisters. "The Williams girls didn't play



Venus Williams hitting a backhand return in her victory over Jana Nejedly on Tuesday.

that well in the last two tournaments," Hingis said. "So we'll see."

Hingis, criticized Tuesday by the players-turned-television-commentators Billie Jean King and Martina Navratilova for being lackadaisical in her approach to the game, got more trouble than she expected from Raymond, who described her opponent as "apprehensive" and a victim of nerves. Hingis did not necessarily disagree with Raymond's assessment.

"The first couple of games, I kind of didn't know what to do," Hingis said. "I was playing Centre Court for the first time in a year. It was a tough first round."

Tausiat Rallies After Rain Delay

Natalie Tausiat, the 16th seed, trailed Haruka Inoue of Japan, 2-6, 2-1, when rain interrupted play on Tuesday, wire services reported. But Tausiat recovered to win the match 2-6, 6-1, 6-3.

The only men's seed to complete a match was No. 6 Patrick Rafter, who beat Ivo Heuberger of Switzerland 6-1, 6-2, 4-6, 6-1.

No. 4 Greg Rusedski split the first two sets with Mark Draper and was trailing 5-4 in the third when the match was suspended. Richard Krajicek, the 1996 champion and No. 9 seed, was leading Brett Steven 6-3, 7-6 (9-7). (Reuters/AP)

Pain in Neck for Maddux Is Bed of Roses for Yanks

The Associated Press

The return of interleague games may have given a preview of this year's World Series.

But if the Atlanta Braves come back to New York for the World Series, you can bet that Greg Maddux will sleep in a different bed.

Maddux awoke with a stiff neck Monday morning in his New York hotel. But he pitched six innings before taking him

BASEBALL ROUNDUP

self out of the game, and the New York Yankees rallied against Dennis Martinez for a 6-4 victory over Atlanta.

Tim Lincecum hit a two-run double in the seventh inning for the Yankees in the first of four games this week between the clubs expected by many to play in the World Series this year.

"I just slept on it bad last night," Maddux said. "I was aware of it every pitch. It's why I came out. I said, 'Enough's enough.'"

Martinez (2-4) took over for Maddux and wound up losing his 13th straight decision to the Yankees. He fell to 2-19 lifetime against New York, and remained winless at Yankee Stadium since 1977.

The Yankees struck for three runs in the seventh against three relievers. Raines's two-out double off Martinez, his former teammate in Montreal, put New York ahead, 5-4.

Angels 6, Dodgers 5 The Los Angeles bullpen squandered another lead to lose to Glenn Hoffman's debut as manager after Bill Russell was fired. Jim Bruske, the Dodgers' third reliever in the bottom of the ninth, walked Tim Salmon on five pitches to force home the winning run.

Padres 5, Mariners 3 In Seattle, Jim

Leyritz drove in three runs in his San Diego debut, and Ruben Rivera hit a two-run double in the eighth as the Padres won their 13th in 14 games.

Orioles 7, Mets 2 In Baltimore, Mike Mussina (6-4) pitched a two-hitter and the Orioles handed Bobby Jones (6-4) his first loss since April 30. Mussina opened the game by getting five straight outs before giving up successive homers to Brian McKee and Butch Huskey.

Indians 3, Cubs 1 Dwight Gooden (2-3) continued to dominate the Cubs, and Omar Vizquel hit a tiebreaking RBI single in the seventh. Gooden pitched six innings to improve to 28-4 in his career against Chicago. Chicago's Sammy Sosa, who needs one more homer in June to tie the major league record of 18 in any month, went 0-for-4.

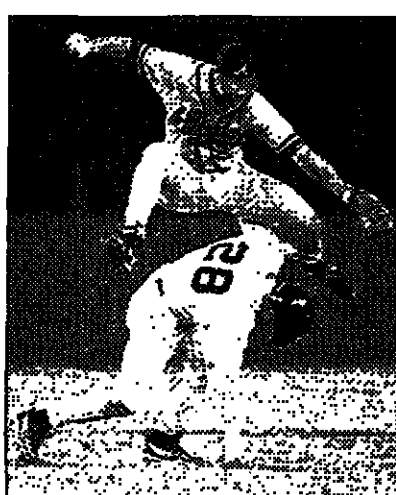
Blue Jays 14, Expos 2 In Toronto, Juan Guzman (4-9) pitched a seven-hitter for his first victory since May 26, and Jose Canseco homered for the Blue Jays. Darrin Fletcher went 4-for-5 with two RBIs for Toronto.

White Sox 5, Pirates 4 Chicago scored four runs in the first inning at Pittsburgh, then thwarted a Pirates comeback with Ray Durham's go-ahead homer in the sixth.

Phillies 9, Red Sox 6 Gregg Jefferies singled home Alex Arias in the 10th off Tom Gordon (4-2) as Philadelphia rallied from a five-run deficit at Boston for its 24th comeback victory.

Royals 3, Reds 0 Jeff King and Shane Mack homered at Cincinnati as Kansas City sent the Reds to their ninth straight loss.

Twins 5, Astros 3 Eric Milton (4-6) won for the first time since May 15, and Terry Steinbach homered for Minnesota at Houston.



The Yankees' Chad Curtis (28) submarining Braves' Tony Graf-fanino to break up a double play.

Cardinals 4, Tigers 1 Todd Stottlemyre pitched eight strong innings and Brian Jordan drove in two runs as the Cardinals won at home in the first meeting between the two teams since the 1968 World Series.

Diamondbacks 6, Rangers 0 Andy Benes (6-7) pitched eight scoreless innings at Texas, and Dave Dellucci went 3-for-4 as Arizona handed the Rangers their first shutout loss this season.

Marlins 3, Devil Rays 2 Antonio Alfonseca (1-2) pitched out of a bases-loaded, one-out jam in the 12th to give Florida a victory at Tampa Bay. Mark Kotsay went 5-for-6 for Florida.

Giants 12, Athletics 6 Brian Johnson had a pair of RBI singles in San Francisco's nine-run fifth at Oakland. Rey Sanchez added a three-run homer for the Giants, who had six doubles.

In a National League game: Brewers 3, Rockies 1 In Milwaukee, Jeremy Burnitz greeted reliever Chuck McElroy with a leadoff triple in the eighth and scored on John Jaha's groundout.

Janzen's 'Best I Can Do' Is Enough

'Keeping Your Emotions In Check Is Hard Part,' Winner Says

By Clifton Brown
New York Times Service

SAN FRANCISCO—For the second time in his career, and in admirable fashion, Lee Janzen displayed the qualities it takes to win a U.S. Open.

More than any other major championship, the Open tests patience and mental toughness, because bogeys are inevitable. It is one thing to tell yourself that par is a good score. But it is much harder for a world-class golfer to accept that mind-set for 72 holes.

In many PGA Tour events, par is not good enough to make the cut.

But on Sunday, Janzen's final score of even-par 280 here at the Olympic Club was good enough to win by one stroke over Payne Stewart, who missed a 20-foot birdie attempt on the final hole that would have forced an 18-hole playoff Tuesday.

Janzen was at his unshakable, no-nonsense best when he recovered from a poor start to capture the sweetest victory of his career.

After Janzen bogeyed the second and third holes, he was 4-over par, seven strokes behind Stewart. Few people gave Janzen a chance at that point, but instead of panicking and taking foolish risks trying to catch up, he never wavered from his game plan. Then, once his swing began to click, he started getting himself in position to make the pressure puts it takes to win a major tournament.

Janzen's final 13 holes, which he played at 4-under-par, may have been the greatest stretch of his career, considering the pressure and the unforgiving course conditions. With the championship up for grabs, Janzen made the back nine look easy, when it was anything but easy.

And to those who thought that Janzen's 1993 U.S. Open victory was a one-time thing, Janzen proved he is a special player.

"Keeping your emotions in check is the hard part," Janzen said, describing how he felt on the back nine. "After No. 11, I realized I had a chance to win."

U.S. OPEN GOLF

kept thinking "This is the U.S. Open. I have a chance to win." I had to keep reminding myself that when I lose focus, I could ruin any chance of winning. That's what kept me going. I just said: "When this thing is over you can relax and think about all the great things. But every shot, if you don't give yourself full attention, you're not going to win this thing."

Janzen walked the fine line of playing smart golf without being too conservative. Usually, Janzen said, he keeps a close watch on the leader board when he is in contention, but he took a new approach Sunday and it worked.

"I looked at the scoreboard the entire week, but I made a point to myself on the 13th hole that I would not look at the scoreboard the rest of the day," Janzen said. "I didn't want to know how I stood. I was going to play my game the rest of the way in. If I got lucky and got ahead, I didn't want to play safe. I just wanted to continue to hit good shots."

While Janzen was rock solid Sunday afternoon, and Stewart looked unsure for the first time all weekend, making five bogeys and only one birdie over his final 16 holes. Stewart started the final round with a four-stroke lead over Tom Lehman and Bob Tway, while Janzen and Nick Price were tied for fourth place, five strokes behind.

Paul Azinger, who won the 1993 PGA Championship, sounded like a prophet Sunday morning when he cautioned that Stewart would not have an easy day.

"I'm rooting for Payne, because I know how difficult it is to lead a major for all four rounds," Azinger said. "When I've led the first three rounds, I wasn't quite able to pull it off."

"You want to know what Sunday feels like? Have you ever gone to the dentist for a root canal? Then when you get in the chair, the doctor says something like, 'Wow, this is worse than we thought.' That's what it feels like. You have to be able to control that feeling."

While Janzen managed to control it, others were left to wonder whether a United States Open championship is in their future. For Phil Mickelson, tied for 10th at 8-over-par, and Colin Montgomerie, tied for 18th at 10-over, the quest for a first major championship will continue.

Tiger Woods, who tied for 18th at 10-over par, has plenty of time to win the U.S. Open yet until he does, some will wonder if his aggressive nature hurts him in a tournament that requires so much patience.

But instead of soul-searching, Janzen could celebrate. He had not won on the tour since 1995, and as recently as this year's Players Championship in March. Janzen faltered on Sunday and lost a lead. Yet, when it comes to winning the U.S. Open, Janzen knows he has what it takes. That is one of the greatest feelings any golfer can have.

There are plenty of golfers who are better than me, but that's the best I can do," Janzen said of his performance. "The confidence will be there always that I can play tough courses well."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
New York	51	18	.739	0
Boston	47	22	.682	4 1/2
Baltimore	37	32	.536	14 1/2
Toronto	37	32	.536	14 1/2
Tampa Bay	31	40	.438	22 1/2

CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	42	31	.573	0
Minnesota	36	38	.486	6 1/2
Kansas City	31	43	.419	11 1/2
Chicago	30	44	.405	12 1/2
Detroit	28	45	.385	14 1/2

WEST DIVISION

Team	W	L	Pct.	GB
Anaheim	42	30	.583	0
Texas	42	30	.583	0
Oakland	33	41	.446	12 1/2
Seattle	31	45	.408	15 1/2

NATIONAL LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	50	26	.658	0
New York	39	32	.549	8 1/2
Philadelphia	37	36	.507	10 1/2
Montreal	30	44	.405	18 1/2
Florida	25	50	.333	24 1/2

CENTRAL DIVISION

Team	W	L	Pct.	GB
Houston	46	29	.613	0
Chicago	40	36	.526	6 1/2
St. Louis	38	36	.514	7 1/2
Milwaukee	37	36	.507	8 1/2
Pittsburgh	37	36	.507	8 1/2
Cincinnati	30	41	.420	17 1/2

WEST DIVISION

Team	W	L	Pct.	GB
San Diego	50	26	.658	0
San Francisco	45	32	.584	5 1/2
Los Angeles	39	38	.500	12 1/2
Colorado	32	45	.413	19 1/2
Arizona	28	50	.360	24 1/2

MONDAY LINE SCORES

NATIONAL LEAGUE

MONDAY LINESCORES				
NATIONAL LEAGUE				
Colorado	001	001	.000	0
Atlanta	000	001	.000	1
St. Louis	000	001	.000	2
Philadelphia	000	001	.000	3
San Francisco	000	001	.000	4
Los Angeles	000	001	.000	5
San Diego	000	001	.000	6
Arizona	000	001	.000	7
Colorado	000	001	.000	8
Atlanta	000	001	.000	9
St. Louis	000	001	.000	10
Philadelphia	000	001	.000	11
San Francisco	000	001	.000	12
Los Angeles	000	001	.000	13
San Diego	000	001	.000	14
Arizona	000	001	.000	15
Colorado	000	001	.000	16
Atlanta	000	001	.000	17
St. Louis	000	001	.000	18
Philadelphia	000	001	.000	19
San Francisco	000	001	.000	20
Los Angeles	000	001	.000	21
San Diego	000	001	.000	22
Arizona	000	001	.000	23
Colorado	000	001	.000	24
Atlanta	000	001	.000	25
St. Louis	000	001	.000	26
Philadelphia	000	001	.000	27
San Francisco	000	001	.000	28
Los Angeles	000	001	.000	29
San Diego	000	001	.000	30
Arizona	000	001	.000	31
Colorado	000	001	.000	32
Atlanta	000	001	.000	33
St. Louis	000	001	.000	34
Philadelphia	000	001	.000	35
San Francisco	000	001	.000	36
Los Angeles	000	001	.000	37
San Diego	000	001	.000	38
Arizona	000	001	.000	39
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San Diego	000	001	.000	78
Arizona	000	001	.000	79
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Colorado	000	001	.000	88
Atlanta	000	001	.000	89
St. Louis	000	001	.000	90
Philadelphia	000	001	.000	91
San Francisco	000	001	.000	92
Los Angeles	000	001	.000	93
San Diego	000	001	.000	94
Arizona	000	001	.000	95
Colorado	000	001	.000	96
Atlanta	000	001	.000	97
St. Louis	000	001	.000	98
Philadelphia	000	001	.000	99
San Francisco	000	001	.000	100

Italy and Chile Reign in Group B, Earning Berths in 2d Round

Austrians Lose, Despite Late Penalty Kick

By George Vecsey
Special to the Herald Tribune

SAINT-DENIS, France — Teams score goals, players don't score goals. This was the message Christian Vieri was putting out this week as all of Italy debated its team's next starting lineup.

Vieri, a bruising forward who now plays for Atletico Madrid, comes out of the first round with four goals, including

ITALY 2, AUSTRIA 1

the first one Tuesday, as Italy held off Austria, 2-1, to advance to the second round of the World Cup.

Roberto Baggio came off the bench late to tap in a goal and Andreas Herzog scored a penalty kick in injury time to give Austria a brief hope.

By finishing first in its group, Italy will play the second-place team from Group A in Marseille on Saturday.

The Italian team is so deep that debates about the lineup are inevitable.

On Tuesday, the Italian coach, Cesare Maldini, was able to use the lineup he had originally wanted — a tandem of Alessandro Del Piero, the nimble forward from Juventus of Turin, and Vieri, who formerly played for Juventus before opting for Spanish pesetas last season.

Del Piero has been recuperating from a thigh injury and was not able to start until Tuesday. Because he and Baggio are the same type of creative player, there was no room for Baggio in the starting lineup Tuesday.

Vieri now has four goals, tying him with Gabriel Batistuta of Argentina, who has played two games. Italy is rolling — but at a cost. Three minutes into the game, Italy lost its strong young defender, Alessandro Nesta, to a twisted right knee when he was fouled by Heimo Pfeifenberger. Nesta is expected to be out for the rest of the tournament.

When Nesta was removed, off the bench with no warmup came ancient Giuseppe Bergomi, 34 years old, known in Italy as Zio Beppe, Uncle Joey.

Bergomi was on the 1982, 1986 and



Heimo Pfeifenberger of Austria, left, and Paolo Maldini of Italy going head-to-head in a Group B match Tuesday.

1990 World Cup teams but was dropped by 1994. He was called back to the squad after a seven-year absence, as Maldini opted to have a mature player holding up the end of the bench.

On Tuesday, Bergomi came off the bench to replace Nesta and played a sweeper.

Meanwhile, Del Piero and Vieri tried to recreate the teamwork they had enjoyed on the Italian Under-21 team — then coached by Maldini — and also at Juventus.

"With Alessandro, I have good rapport, good intensity," Vieri said. "I have never worked with Roberto before, but I regard them as two champions. For me, it changes nothing."

Del Piero and Vieri worked intricate little passes in open space, but they

could not produce a goal in the first half.

Four minutes into the second half, Del Piero took a free kick from the left side, 18 yards out. The ball hooked, and Vieri elevated himself above Tony Polster of Austria and headed the ball into the corner.

Having given Italy the lead, Vieri was taken out for Filippo Inzaghi in the 60th minute.

The Italians were then saved twice by their goalkeeper, Gianluca Pagliuca.

In the 65th minute, Arnold Wet fired from a melee in front of the goal and Pagliuca tipped the ball with the thick fingers of his right glove, sending the ball spinning into the air before he hauled it to his chest. Six minutes later, Mario Haas blasted a shot that Pagliuca

snagged with one hand.

At 72 minutes, with Del Piero winding down, the coach used Baggio as his third and final substitute, a somewhat strange move considering that Baggio is often removed late in the game when his team has a lead.

Maldini's confidence was rewarded when the new tandem of Baggio and Inzaghi set up several fast breaks. In the 89th minute, Inzaghi sent a crossing pass that Baggio converted, and then Baggio offered his slender back for a celebratory ride.

Austria scored — the third time it had scored in injury time in this World Cup — but Italy held on to avoid Brazil, which finished first in its group.

Or, as the captain, Paolo Maldini, put it: "I think Brazil is happy, too."

Cameroon, in a Rough Match, Draws 2 Red Cards and Trip Home

By Jere Longman
New York Times Service

NANTES, France — When Chile had survived a contentious 1-1 draw Tuesday with Cameroon and advanced to the second round of the World Cup, its players removed their jerseys and tossed them into the crowd, shedding their shirts and 36 years of unfulfillment and humiliation in soccer's world championship.

After a frustrating wait of nearly four decades, however, Chile's reward may be meager. Its next opponent, on Sat-

CHILE 1, CAMEROON 1

urday, happens to be Brazil — the defending champion and the same team that eliminated Chile when, as the host, it last went beyond the first round in the World Cup in 1962.

In fact, there were many jeering fans in La Beaujoire Stadium who believed Cameroon should have advanced, not Chile. It was a riveting, free-flowing match, and a decidedly rough one. It concluded with severe criticism by Claude Le Roy, the Cameroon coach, of the referee and the get-tough refereeing policy of Sepp Blatter, the president of FIFA, soccer's world governing body.

Two Cameroon players were ejected with red cards and the Indomitable Lions finished the match with only nine men on the field. But the play that enraged Le Roy occurred in the 59th minute with the score tied at 1-1. A blast by Francois Omani-Biyik ricocheted off the right post and skittered into the net, apparently giving Cameroon a 2-1 lead.

But the referee, Laszlo Vagner of Hungary, ruled that Cameroon forward Patrick Mboma had fouled Chile's Ronaldo Fuentes as the two players challenged for a header. Mboma won the ball and put it at Omani-Biyik's feet. The foul ruling seemed harsh on what appeared to be a routine play. And the decision was hugely important because Cameroon needed a victory to advance, while Chile needed only a draw.

When the game ended, Le Roy stood dumbfounded, his hands on his hips. Another Cameroon official could not restrain himself and screamed and gestured at Vagner as he left the field.

"If this is what football is all about, I hope Mr. Blatter was watching," Le Roy said. "I cannot understand why the referee refused the goal. There wasn't a shadow of a foul."

He said his team was "shocked."

"I'm sorry we were eliminated," he said, "especially on a decision that was an incompetent one."

Le Roy also rebuked Blatter for a call last week for more vigilant refereeing and for the issuance of red cards for every tackle from behind. The Cameroon coach said that while Blatter was an excellent administrator, he "should stick to administrative tasks."

"I did not commit a foul," Mboma said. "I can't believe it."

In the end, though, Cameroon's desperate assertiveness and mesmerizing creativity was undone by needless fouls. If the decision over Mboma's foul was questionable, others were not.

In the 20th minute, Cameroon's Rigobert Song tripped the Chilean forward Ivan Zamorano, drawing a stern warning from Vagner. Just 12 minutes earlier, Song had been issued a yellow card for another overly aggressive tackle. This time Chile was awarded a free kick, and midfielder Jose Sierra curved a wickedly perfect left-footer just under the crossbar and inside the right post from 25 yards.

In the 52nd minute, Song was given a red card for raking Chilean forward Marcelo Salas across the face with an elbow as they chased a ball down the sideline.

Cameroon equalized three minutes later when Mboma headed a crossing pass from Omani-Biyik over the Chilean defender Pedro Reyes and Nelson Tapia in goal. But the Indomitable Lions could not keep their composure.

And in the 89th minute, the midfielder Lavranio Etame ran Salas down from behind, drawing another red card. As it had in its two previous draws, Chile could not hold a lead. But it does advance for the first time since 1962.

"Advancing to the second round is enormously important to us," said Chile's coach, Nelson Acosta. "It was a complex, difficult game. When Cameroon played with 10, we were afraid things would turn against us as they did in the other matches."

WORLD CUP BRIEFS

English Fans' Toll

One English fan was stabbed and three others slightly injured in Toulouse on Monday when England played Romania.

An English reporter was attacked by English fans, who accused him of giving them a bad name. He suffered a broken collar bone. Twelve people were arrested, 11 of them French youths armed with baseball bats.

In Bedford, north of London, policemen made 24 arrests after breaking up fighting which flared in the High Street when drinkers who had been watching the match in pubs went out into the street. (APF)

Tunisia Dismisses Coach

Tunisia dismissed its coach, Henry Kasperczak, on Tuesday and appointed his assistant, Ali Selmi, to replace him for its final Group G game against Romania on Friday. Kasperczak's team lost by 2-0 to England and by 1-0 to Colombia in its first two games and cannot qualify for the second round. (AFP)

'Helpful' Players at Risk

Referees have been urged to punish players asking for opponents to be shown a red or yellow card. "It has been brought to the referees' attention that maybe they should take stricter action against something which is an act of dissent and bad sportsmanship — trying to get an opponent into trouble," said a FIFA spokesman. (Reuters)

Ambition Fired by the Old Guard, Yugoslavia Heads for the Top

International Herald Tribune

SAINT-GALMIER, France — If Americans wish to say *au revoir* to this World Cup standing proudly on their feet — and not prone in dejection like the inconsolable Cameroon players after their elimination Tuesday — it will take a display of real guts Thursday in Nantes.

For the United States is in the path of a Yugoslav squad fired by ambition not merely to qualify for Group F, but to win the group ahead of Germany.

Relaxed at their training base at Saint-Galmier near Saint-Etienne, striker Dejan Savicevic and midfielder Slavisa Jokanovic affirmed that they are ready in body and mind for the duel with America.

"We regret that we did not win the match against Germany," said Savicevic, reflecting on Yugoslavia's 2-0 draw after leading the Germans, 2-0. "In the last few days I personally have felt much better. I think the doctors will let me play now, and I hope to help score the goals so that we finish top of the group."

That sounded like positive thinking from a player, an exquisite finisher on his day, described last weekend as more

prone to injury in the head than the muscles.

The gibe, from Vujadin Boskov, the widely traveled coach who is the wise old owl in the Yugoslav camp, was a shot of motivation to a performer whose life veers between elusive creativity and the treatment couch.

If he makes the lineup, Savicevic may be prompted by Jokanovic, who said Tuesday: "If I could make predictions, I would play the sports lottery. But I really feel that we will beat the U.S.A. by more goals than Germany scores against Iran, because the U.S. does not have any chance of the second round."

Boskov, a half-century in this game, cautioned his young players, saying, "Soccer in the U.S.A. is still a very young sport — they run a lot, work a lot, but they still do not have outstanding individuals. We have that, we have the technique, but our players are all over the world. Only the goalkeeper, Ivica Kralj, is playing in Yugoslavia."

Boskov is not the coach to

Vantage Point / ROSE HUGHES

Yugoslavia. He lends his enormous experience to Slobodan Santrac, who would be foolish to ignore Boskov who, in 29 years abroad, has dealt in many cultures and currencies. He exudes an enduring love of the game, and a grasp of its secrets stored up during his stints at Real Madrid, Sampdoria, Napoli, Roma, Zaragoza and Feyenoord.

It's good to travel, the old mentor says with a gleam in his gray eyes. But when Yugoslavia — in the group with the United States, Iran, Germany — is concentrated on a search for identity, it's even better coming "home."

In the countryside away from St. Etienne's industrial sprawl, Boskov and Miljan Miljanic, president of Yugoslavia's soccer federation and also a voyager around Europe's wealthier clubs, have stockpiled between them a century of football knowledge. They are paternal figures trying to reach the greatest sum of Yugoslavia's extraordinarily gifted parts.

If Americans had to face them man-

for-man, the contest would be embarrassing. Boskov, however, sees a danger: "The United States players never give up, even when they concede a goal. With this spirit, you have to stay concentrated. We must have more players like Zeljko Petrovic, who should be playing in the center of midfield, but for the good of the team accepted to play on the left side in the last two matches."

Petrovic, now 32, is symbolic of the Yugoslav "have boots, will travel" philosophy. He is under contract to the Urawa Reds in the Japanese League, but his home and his heart are in Den Bosch, in the Netherlands.

When the Japanese came for him last winter, Petrovic, in tears on television, repeated over and over: "I don't want to go, I don't want to leave. But I have a family, and this is perhaps the last chance to make the money for my family."

That family remains in the Netherlands where, this summer, Petrovic qualifies for citizenship. He would return tomorrow, or sooner, if PSV Eindhoven were to re-engage him or if any top Dutch team released him from his

miscasting a continent away. Therefore he, and undoubtedly Sinisa Mihajlovic, the Sampdoria defender, as well as Savicevic — who has spent the last few seasons underperforming with AC Milan — will play with added motivation against the United States: The World Cup is their shop window to sell their wares one more time.

Dejan Stankovic, 19, is such a promising talent that Lazio rushed in before the World Cup to buy him from Red Star Belgrade.

Predrag Mijatovic is the striker whose cunning movement and sniping instinct won the Champions Cup for Real Madrid against Juventus last month.

Individually, the Yugoslavs are back near the pinnacle of the game a little more than a year after the United Nations ban on their country was lifted.

For the second time in a week, the United States must forget the differences their political masters have with an opposing nation, and having lost, somewhat unhelpfully, to Iran, and before that to Germany, America now heads for a greater challenge.

HOOLIGANS: Violence by Germans, 'Invariably Stamped With Racism and Nazism,' Is Decried Back Home

Continued from Page 1

German soccer thugs had largely been ignored as the World Cup got under way and English hooligans seized the tabloid headlines with drunken riots in Marseille. Then came Sunday's game against Yugoslavia in Lens.

About 600 Germans regarded by the authorities as violence-prone had made their way to Lens by car and camper from many parts of Germany, according

to police accounts. Many had the shaved heads favored by extreme rightists. Some carried cellular phones, the German police said, suggesting they planned a coordinated action against the authorities.

Among them was Manfred Warnecke, the 27-year-old owner of a tattoo studio in Hannover, who French police have arrested as the prime suspect in the beating of Daniel Nivel, a 44-year-old officer who was felled with an iron sign-post.

[Nivel was still in a coma Tuesday, Agence France-Presse reported. Doctors said he had suffered permanent brain damage. Warnecke and a second German, Karl-Heinz Eischner, 26, were to be charged with attempted murder.

[Eischner was one of seven Germans about to be deported when he was identified by a witness to the attack. The other six Germans have been expelled.

[In Nantes, where Chile and Cameroon were playing Tuesday, French police arrested two Germans armed with a baseball bat and wearing neo-

Nazi insignias. They were detained near the stadium.]

According to German police, Warnecke was already known as a violence-prone person, a member of a motorcycle gang called "Bones" and a purveyor of the regalia sought out by soccer thugs — tee-shirts emblazoned with snarling pit-bull heads and black jackets stenciled with the word "Terror." As Warnecke sat in a French jail on Monday night, someone went to his tattoo studio and threw a rock through the window.

By the time the fighting in Lens was over, 93 Germans and three French citizens had been detained. But then the questioning began: How could it have happened? One answer, an embarrassing one for proponents of closer European unity, was European unity itself.

In recent years, some European countries have simply dismantled the borders between their nations so that no passports were needed to travel between them. That made it easier for busloads of hooligans to enter France from Germany,

despite German police attempts to spot-check vehicles along the route. Another scapegoat was the ticketing system used for the tournament. Ordinary people are being driven out of the stadium by the distribution of tickets to VIPs and sponsors, said Gunter Pitz, a sociologist in Hamburg. "So the problem of violence is moved out of the stadium," he said, "and that gives the perpetrators a greater room for maneuver."

In Germany, some blamed the German police for failing to keep track of known hooligans. But, said Interior Minister Manfred Kanther, "the security at the scene cannot be provided from a neighboring country."

"It is completely impossible to have German police operating in France," he said.

The hard fact is that there was "no concrete warning" that the thugs were on the way, he said.

"You can't simply pick up people with shaved heads and order them into prison for the next four or 12 days,"

Most of all, though, it came down to the murky souls of the hooligans themselves, drawing satisfaction from violence and publicity that would otherwise be denied them.

"They are to a large extent mentally weak, both intellectually and emotionally," said Alexis Philothenko, a French college professor, in a newspaper interview. "This punkism is in fact a sickness."

Indeed, said Rudiger Bredthauer, a Hamburg-based police official specializing in the behavior of militant groups. The events in Lens, he said, "went well from the hooligans' point of view, because everybody is reporting about it. That makes the hooligan-soul happy."

Pitz, the sociologist, said the thugs in Lens were not simply soccer hooligans. "Rather," he said, they "belong to a third group that has been worrying as more and more for the past two or three years: right-wing radicals. For them, the media event of the World Cup offers an ideal stage."

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EUROSPORT

WORLD CUP

Late Goals Give Norway Victory Over Brazil and Knock Out Morocco

Controversial Penalty Kick Decides Group

MARSEILLE—Norway scored two goals in the last seven minutes, the second from a penalty kick with two minutes left, to upset Brazil, 2-1, and sneak into the second round of the World Cup.

For an hour and a quarter Norway and Brazil played a scoreless draw. But with Morocco heading for a comfortable victory over Scotland in Saint

NORWAY 2, BRAZIL 1

Etienne, a draw was not a good enough result for Norway. It needed victory and began to press more and more frantically in pursuit of a goal.

Instead, Brazil took the lead after 78 minutes. Denilson escaped on the left wing and crossed to the far post where Bebeto, utterly unmarked, headed the ball past Frode Grodas, the Norwegian goalkeeper.

Tore Andre Flo equalized in the 83d minute with a typical bustling goal.

Then, in the 89th minute Esfandiari Bahamast, the American referee, awarded Norway a penalty when Flo fell after contesting a header with Junior Baiano.

Baiano appeared to have pulled Flo down, but television replays suggested that all he did was step out of the way when Flo tried to back into him.

Kjetil Rekdal took the penalty, knowing he had to score to put Norway in the second round. He hammered the shot just inside Taffarel's right hand post and just beyond the Brazilian goalkeeper's despairing reach.

There was still time for Brazil to win a free kick 40 yards from the Norwegian



The Brazilian striker Ronaldo, center, battling a group of Norwegian players in their Group A match Tuesday.

goal. Roberto Carlos swerved the ball round the Norwegian wall, but Grodas saved just inside the post.

Brazil, already through to the last 16 after winning its first two games, lacked the sparkle the 60,000 fans in the Velodrome stadium had expected from the reigning champions and tournament favorites.

They were assailed by a barrage of whistles at several points in the match as they sauntered through the game, passing the ball among themselves with

Norway unable to seize the initiative.

Rivaldo came close 10 minutes into the second half after Roberto Carlos made a fine run down the left flank and floated in a cross that the Barcelona midfielder met with a header that bounced down off the turf and over the crossbar.

Norway, which drew both its previous matches, against Morocco and Scotland, packed its midfield to try to stifle the Brazilians and began to pose a threat on the counterattack as the first

half wore on.

But in the second half, needing a goal, Egil Olsen, the Norwegian coach, took off Havard Flo, a midfielder player, and brought on Ole Gunnar Solskjaer, a striker, in the 68th minute.

Within a minute, Tore Andre Flo crossed neatly onto Solskjaer's forehead but the diminutive striker nodded the ball over the goal.

Flo himself came closer with a fine header in the 73d minute but the ball flew just wide. (AP, Reuters)

Morocco Beats Scotland, 3-0, But Still Falls Short of Round 2

SAINT-ETIENNE, France — Morocco did everything it could do, beating Scotland, 3-0, in its final game in Group A. But Norway's victory over Brazil in Marseille left the Moroccans third in the group, not good enough for a ticket to the second round.

Salaheddine Bassir and Abdeljilil Hadda punished the sleeping Scottish defense with strikes in the 22d and

MOROCCO 3, SCOTLAND 0

47th minutes, and Bassir added a third five minutes from the end.

It looked to be enough to put the Moroccans into the second round for the second time in their history until Norway scored a come-from-behind 2-1 victory over the defending champion, Brazil, in Marseille.

Brazil won the group ahead of Norway. Scotland, which has never made the second round, was fourth.

Scotland came close to scoring in the 14th minute when the midfielder John Collins floated a free kick toward Gordon Durie, who beat the advancing goalkeeper, Driss Benzekri, and a defender. But his header was wide.

It was the only real chance of the first 15 minutes, but Morocco then put together a simple move to take the lead in the 22d.

Tahar El-Khalej aimed a high ball over the top of the slow-moving Scottish defense, and Bassir dashed clear of Colin Hendry to fire a powerful, angled left-footed shot between the goalkeeper, Jim Leighton, and his near post.

A minute later the Scots appealed for a penalty when Lahcen Abrami appeared to block a cross from Jackie McNamara with his left arm. But it was ruled no foul by the referee.

On the half hour, Durie tried the long-range approach, firing a 30-meter drive that flashed past the post with Benzekri diving acrobatically across goal.

Benzekri made his first save in the 31st minute, moving to his right to hold a well-struck, close-range shot from Kevin Gallacher.

In the 32d minute, the Moroccan keeper lost the ball in a scramble in front of his goal and El Khalej did well to clear the danger with Gallacher about to prod the ball into an empty net.

Six minutes before halftime, Craig Burley, who scored Scotland's equalizer in the 1-1 tie with Norway, got into a similar position but his shot was blocked by the goalkeeper. Two minutes into the second half the Moroccans struck again with another breakaway goal.

El Moustafa Hadji fired another long pass from deep and Hadda outpaced the Scottish defender David Weir in a dash down the left. Hadda got in front of Weir and tried an audacious, lobbed shot. Leighton got his fingertips to the ball but turned to watch it bounce behind him into an empty net.

It was even worse for Scotland seven minutes later when Burley was shown the red card for a tackle from behind on Bassir in the center circle.

Though hugely outnumbered by the Scots in the Geoffroy-Guichard stadium, the noisy Moroccans began chanting "Brazil, Brazil" to compare their team with the mighty four-time titlist.

With the one-man advantage and a two-goal lead, the Moroccans cleverly kept possession and allowed the Scots few chances. The Moroccans added a third five minutes from the end when Hadda flicked a pass to Bassir, who lobbed the ball over Weir and fired home from 12 meters.

WORLD CUP SCOREBOARD

FIRST ROUND

GROUP A

	W	T	L	GF	GA	Pts
Brazil	2	0	0	6	3	6
Norway	1	2	0	4	4	5
Morocco	1	1	1	5	5	4
Scotland	0	1	2	2	6	1

GROUP B

	W	T	L	GF	GA	Pts
Nigeria	2	0	0	4	2	6
Spain	2	0	0	6	0	6
Bulgaria	0	1	1	2	3	1
Paraguay	0	1	1	0	1	1

GROUP C

	W	T	L	GF	GA	Pts
Argentina	1	0	0	6	0	6
Yugoslavia	1	0	0	4	1	6
Japan	0	0	2	0	2	0
Croatia	0	0	2	1	8	0

GROUP D

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP E

	W	T	L	GF	GA	Pts
Italy	2	0	0	7	3	6
Austria	0	2	1	3	4	2
Cameroon	0	2	1	2	5	2
Chile	0	0	2	1	2	0

GROUP F

	W	T	L	GF	GA	Pts
Germany	1	1	0	4	2	4
Yugoslavia	1	1	0	5	3	4
Iran	0	0	2	1	2	0
United States	0	0	2	1	4	0

GROUP G

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP H

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP I

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP J

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

SECOND ROUND

GROUP A

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP B

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP C

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP D

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP E

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP F

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP G

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP H

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP I

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

GROUP J

	W	T	L	GF	GA	Pts
France	2	0	0	7	3	6
Denmark	1	1	0	4	2	4
South Africa	0	1	1	1	4	1
Saudi Arabia	0	0	2	0	5	0

Yellow Cards Loom Large for France

France vs. Denmark, Lyon, 4 P.M.

Tricky decisions face both coaches. Bo Johansson, the Swede who coaches Denmark, knows a draw will propel his team into the second round. But playing safe can be a high-risk strategy.

What is more, a victory would give Denmark first place in Group C and allow it to avoid both Nigeria in the second round and a potential meeting with Brazil in the quarterfinals.

"I think I've got five lineups in mind right now," Johansson said.

France has already qualified, but the team's coach, Aimé Jacquet, will want to win the group. Indeed, the home fans are demanding that the team show an aggressive style.

"We have to keep that competitive edge and winning spirit," said Jacquet.

Jacquet is without his talented playmaker, Zinedine Zidane, who received a red card against Saudi Arabia and has been suspended for two games. Jacquet may also rest four players who have one yellow card and would miss the second round if they were to receive another. They are the defenders Laurent Blanc and Bixente Lizarazu, and the defensive-midfielders Emmanuel Petit and Didier Deschamps.

The striker Stéphane Guivarc'h, who has so far played only 25 minutes in the tournament, has recovered from a knee problem and is likely to replace his

former replacement, Christophe Dugarry, who is now injured.

"I'll have to fit in players who haven't played yet, but that doesn't mean that we'll just give the match away," Jacquet said.

Johansson's quandary over his team has been worsened by the sendings-off

WEDNESDAY MATCHES

of Miklos Molnar and Morten Wieghorst in Denmark's 1-1 draw with South Africa.

The Danes ousted France en route to the 1992 European title and, more recently, edged them 1-0, in November 1996.

Saudi Arabia vs. South Africa, Bordeaux, 4 P.M. Two South African players — Brendan Augustine and the aptly named Naughty Mokoena — were sent home on Monday for going nightclubbing over the weekend.

The Saudis, meanwhile, who cannot qualify for the second round, have fired their Brazilian coach, Carlos Alberto Pereira, after the team lost its first two games.

The interim coach, Mohammad Kharashi, must decide whether to attack or opt for a safety-first approach after the club's morale-sapping 4-0 loss to France last week.

For South Africa, Delron Buckley is expected to take Augustine's place.

Paraguay vs. Nigeria, Toulouse, 9 P.M.

Nigeria has already won Group D and the other three teams are scrambling for the second qualifying place. Paraguay is second with two points, and a victory over Nigeria would secure that place.

Paraguay has played two scoreless draws, and a third would take it to the second round only if Bulgaria and Spain, which each have one point, also draw. Either Spain or Bulgaria will advance if they win and Paraguay does not.

Nigeria is without its captain, Uche Ukuekwu, a central defender who has received two yellow cards. Bora Milutinovic, the Nigerian coach, indicated he would sit out his players who already have one booking — Victor Ikpeba, Jay-Jay Okocha and Mutiu Adedepo — to avoid risking suspension for the second round.

Spain vs. Bulgaria, Lens, 9 P.M. Hristo Bonev, the Bulgarian coach, fired the strikers Hristo Stoichkov and Luboslav Penev after they stayed out late in Paris on Sunday night and missed a team meeting the next morning.

But Stoichkov, who has scored 36 goals in 73 internationals, will undoubtedly start for a team which has yet to score in the tournament.

The former Barcelona player has been characteristically rude about Bulgaria's opponents. "They think they are the best," he said. "The Spanish have no chance of winning the World Cup."

DENNIS THE MENACE



"Oh, just keeping my mind busy. How about you?"

JUMBLE

Use these four letters to form words. You need to use all four letters in each word. Write your answers in the spaces provided.

INFL

YUINF

DRAFT

BOUTID

Print answer here: A

Answers: WEARY, MOUTH, CAUGHT, ANEMIA

Answers: WEARY, MOUTH, CAUGHT, ANEMIA

Answers: WEARY, MOUTH, CAUGHT, ANEMIA

Answers: WEARY, MOUTH, CAUGHT, ANEMIA

Answers: WEARY, MOUTH, CAUGHT, ANEMIA

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Answers: WEARY, MOUTH, CAUGHT, ANEMIA

Answers: WEARY, MOUTH, CAUGHT, ANEMIA

OBSERVER

No 'Dracula'? Bah!

By Russell Baker

NEW YORK — To whip up some chatter about movies, the American Film Institute polled 1,500 "prominent" Americans to select the 100 best American films of all time, and the results are in. So let's chatter.

Will no one save us from "It's a Wonderful Life"? Not those prominent Americans. This sentimental turkey stuffing, served up every December with all the rest of Christmas's inescapable fixin's, finished at No. 11. It first appeared in 1946 when a generation hardened to reality by the Depression and war let it pass without saluting. They knew from bitter experience that the whole town never turns up to slaughter its George Baileys in money and love.

The movie caught on only later, in the TV age when the country was far enough removed from hard times to put up with such hokum about human nature. Now here it is: officially certified by the American Film Institute as the 11th-best movie of all time.

And where is "Dracula"? At No. 87 we find the Boris Karloff "Frankenstein" (burrry!), but "Dracula" is missing. Instead, at No. 88 we find "Easy Rider." Couple of guys on dope go around on motorcycles. It supposedly spoke eloquently to alienated youth of the '60s, but so did "The Graduate," which makes the list as No. 7. How much eloquent speech does alienated youth deserve now that it has moved on to disillusioned middle age?

No "Dracula"! How can we take this list seriously? Especially when there is no Edward G. Robinson either. We

get two "Godfathers," but no gangsters at all from the Warner Brothers mob, which included Robinson, James Cagney and Humphrey Bogart. The incomparable Cagney barely makes the list with "Yankee Doodle Dandy," which squeaks in as No. 100. From "Little Caesar" to "Key Largo," there is enough great gunfire from Robinson to justify consolidating the two "Godfathers" into a single entry, thus making room for a figure far more vital to American culture than Wolfgang Amadeus Mozart.

But if the voters were trying to prove that Hollywood can do classical stuff as niftily as it does oaters and capers, it should have passed up "Amadeus" (No. 53) in favor of Max Reinhardt's 1935 version of "A Midsummer Night's Dream," starring such unlikely and excellent Shakespeareans as Cagney and Mickey Rooney.

And that "Gunga Din" failed to make the top 100 speaks poorly about these "prominent" Americans. The greatest boys' adventure movies of all time are obviously unknown to them: They also ignore "The Man Who Would Be King" and the unsurpassable "Prisoner of Zenda," that starred Ronald Colman, Madeleine Carroll, Raymond Massey and Douglas Fairbanks Jr. Nor do they list a single one of Sean Connery's James Bond films.

Meanwhile, the greatest Hollywood treatment ever of Victorian fiction is ignored. It is David O. Selznick's "A Tale of Two Cities," with Colman mounting the guillotine and Blanche Yurka knitting as heads roll. As good as Dickens, and only half as long.

New York Times Service

Brian Wilson Emerges From a Prison of the Mind

By Neil Strauss
New York Times Service

ST. CHARLES, Illinois — What street do you live on in West Hollywood? Brian Wilson asks. I tell him.

"I'll be damned. I used to live on that same street," he says excitedly, referring to a period more than 30 years ago. "In an apartment? What's your address?"

I tell him.

"Oh, I was at 1047 North, Near, not Clinton, Santa Monica."

His wife of three years, Melinda, says: "See, people never think he remembers his past. We've had so many lawsuits, and these attorneys come in thinking he probably won't remember anything, and he just blows them away."

Brian Wilson is back. That is, he's back again. Brian Wilson has been back a lot over the last two decades, and every time, it is hailed as a return to form after years of mental instability.

There is a myth engulfing Wilson, and it is something he will have to deal with in marketing campaigns for the rest of his life. Myths aren't necessarily fabricated stories; they're just extraordinary tales representative of larger societal themes and trends. Wilson's is a tale of a genius gone mad, locked inside the prison of his own mind. It begins in an age of many myths — the '60s — and it goes something like this:

One sunny day in California, Wilson, his brothers and some friends decided to make sunny California pop about surfing, cars and girls. But Brian Wilson wasn't happy just making pop about surfing, cars and girls.

He wanted more, and eventually he found it, making a pop masterpiece, "Pet Sounds," and leaving unfinished an even more ambitious one, a pop-music equivalent of Mozart's Requiem called "Smile." During this musically heroic journey, he suffered a nervous breakdown and soon retired to his bed, where he spent years in isolation. And that's where

our story begins: In 1976, Wilson was back with a new Beach Boys album; then he was back in 1983 as a touring member of the Beach Boys, and then he was back in 1988 with a solo album produced with his then therapist Eugene Landy. And throughout the '90s he has been back with increasing frequency.

In the last three years, he has recorded new versions of his old songs for a Don Was documentary about him, "I Just Wasn't Made for These Times"; reunited with Carnie and Wendy, his estranged daughters from a previous marriage, to help with their album "The Wilsons"; teamed up with his "Smile" songwriting partner, Van Dyke Parks for the record "Orange Crate Art," and last week released the latest and best of these albums, "Imagination," with the producer Joe Thomas.

Every time Wilson returns, he is heralded by a new Brian-is-back marketing campaign and propped up by a collaborator who may or may not have his best interests at heart. (He is currently, for example, settling a lawsuit with Landy for the return of his songwriting royalties.)

In the rare glimpses the public gets of him every time he returns, Wilson looks and sounds better. In the 1994 documentary "There- min," Wilson spends several minutes trying to stammer a single phrase. A year later, in the Don Was documentary, he is more communicative but still clearly struggling. "I thought once in a while my face had a twist of emotional pain coming out of it, but not too obvious," Wilson jokes about the documentary now.

Today, thanks to a new doctor, new medication and a new family, Wilson seems like a gentle 55-year-old, more innocent than disturbed. In conversation, sitting in shorts and a T-shirt in his new home studio in St. Charles, a Chicago suburb (his main residence, of course, being in California), he comes in and out of focus.

When he is engaged, he is per-



Brian Wilson: "I went through a bad, bad, bad childhood."

ceptive, sincere and very funny. When he isn't engaged, he's quiet, absent-minded and dreamy. At one point, he stops midthought and asks that his comment be stricken from the record because he forgot he was being interviewed.

Considering the losses Wilson has suffered lately, his improvement is remarkable. "Brian and I, we had a tough year last year," his wife said. "In four months, I lost my dad and he lost his mother and his brother." Since the death of Wilson's brother Carl (who died of cancer this year), Wilson is now without parents and the brothers he formed the band with.

Many fans have attributed Wilson's breakdowns, nervousness and reclusiveness to his drug use in the mid-'60s, but Wilson and his wife both said that they felt the problems were more deeply rooted.

Speaking about his father, who was also his manager, he said: "He fouled my brain up. I went out in

life scared as hell. Everybody that I looked at was my dad looking back at me. He beat me up, you know. It was as traumatic as hell. I really went through a bad, bad, bad childhood."

Wilson's family today works as a better support system. He met Melinda, a former used-car saleswoman, at an event she describes as choreographed by Landy. He took Wilson to buy what Melinda Wilson recalls as "an ugly brown car," and then Landy asked her out on a date with Wilson. The meeting turned out better than expected; the two married and now live with two adopted daughters.

Brian's improvement today compared to when I met him four years ago has doubled," said his producer, Thomas, who lives next door to the Wilsons in St. Charles. "He's more at peace with himself, he's way more focused than he was early on, and building a good relationship with Melinda and the

kids has really allowed him to concentrate on being a whole person rather than just this genius locked-away musician guy. The fact that he got on stage after so long was in itself an achievement."

Last month at the Cultural Arts Center in St. Charles, Wilson performed what was promoted as his first solo concert. More a taping for VH1 than a concert, Wilson harmonized with backup recordings on new solo songs and Beach Boys classics and sat in front of a fake piano, pretending to play as a string section and as many as nine other musicians (including his Beach Boys replacement, Bruce Johnston) accompanied him.

At first, Wilson was silent and nervous. But several songs into the show, Thomas whispered something in his ear and Wilson came to life, talking with the crowd and singing less reticently.

"I said to him, 'They really like you, you know,'" Thomas recalled. "And he goes, 'You know, Joe, they really do.' I said, 'So what are you scared of?' And he goes, 'Nothing.'"

Wilson's new album, "Imagination" (Giant), is being marketed as a "rebirth" of the "Pet Sounds" era. It is not the first time, nor will it be the last, that such a claim is made for Wilson's later work. It is the logical next stage in the myth of Brian Wilson: the hero's return.

"I expect it to be a huge commercial success both here and abroad," said Irving Azoff, who runs Giant Rec. "I think it's deserving as a candidate to be the best comeback ever in the music business. And I'm going to do everything I can with this company to make sure it happens."

Of course, "Imagination" is no "Pet Sounds." Even Wilson knows that.

"I could never do another 'Pet Sounds,'" he said. "But the love I put into it. I used that same love and put it into my album now. It came right out of my heart. This new one. I hope they like it better than 'Pet Sounds' even."

PEOPLE

THE latest Tom Clancy novel — describing how the United States saves Spain from a new civil war — has drawn fire from Spanish critics who blasted it as "typical American ignorance," among other things. In "Balance of Power," published last month, Spain splits into five warring regions and Mafia-like racketeers profit from the chaos and violence. Readers on the Internet-based electronic bookshop Amazon were not kind. "Unadulterated racism," commented one. "Incredible nonsense," said another. "Pure Rambo style" opined a third in sarcastic reference to the book's ending, where the United States intervenes to save Spain from itself. Clancy's publisher, Plancha, which is due to bring the book out in Spanish in December, is, however, clearly pleased with the publicity the uproar has brought them.

The former child star Rick Schroder is reporting for duty at "NYPD Blue." Schroder, 28, will replace Jimmy Smits, who has announced that he is leaving the show after four years. Smits will appear in an undetermined number of episodes this fall while his character, Bobby Simone, is written out of the show. Schroder has appeared in the television series "Silver Spoons," such movies as "The Champ" and "Crimson Tide" and the television miniseries "Lonesome Dove."

Tens of thousands of flowers decorated a New York City church Monday night as friends and family of Linda Mc-

Cartney gathered for a memorial to the animal rights activist, photographer and wife of Sir Paul McCartney. A similar service was held two weeks ago in London, but the family held the New York memorial in part because Linda was born in the suburb of Scarsdale. About 300 fans stood outside the church watching guests arriving, including the singer Neil Young, the movie director Mike Nichols and the designer Ralph Lauren. McCartney died of breast cancer in April at 56.

The Swiss chalet of the choreographer Maurice Bejart was damaged in a night-time fire, but its occupants escaped.

Picasso Museum Opens in Spain

Agence France-Press

MALAGA, Spain — King Juan Carlos of Spain has inaugurated a museum dedicated to Pablo Picasso in the house where the artist was born in the southern town of Malaga.

The museum will soon open its doors with three exhibitions of the Spanish artist's work — engravings, ceramics and paintings based on the work of the author Luis de Gongora. A total of 250 million pesetas (\$1.6 million) has been spent converting the five-story house, where Picasso was born in 1881, into a museum. Picasso died in 1973.

unharmed. The 71-year-old choreographer, whose modern dance troupe, Bejart Ballet Lausanne, has just finished a show in Lausanne, was not at home when his chalet in Veytaux, above the resort of Montreux on Lake Geneva, caught fire. The wooden roof and upper floor were destroyed by the fire, believed to be of accidental origin, the police said.

Jack Nicholson flew into Cuba for a visit at the invitation of the island's state-run film institute. Nicholson was met at Havana's international airport by Alfredo Guevara, head of the Cuban Film Art and Industry Institute. Nicholson, who is a lover of Cuban cigars, was also expected to visit the Partagas tobacco factory in Havana, sources said. A ban on spending money in Cuba, included in Washington's economic embargo on the island, effectively prohibits U.S. citizens from traveling here. But another U.S. actor, Matt Dillon, came to Cuba in February for the launching of a new cigar brand, apparently without repercussions. Dillon said then that he was "fully hosted" in Cuba and not spending money there.

Claus Peter Flor has been named principal guest conductor of the Dallas Symphony Orchestra, beginning with the 1999-2000 season, when it will celebrate its centennial. Flor, born in Leipzig, Germany, in 1953, becomes the orchestra's third principal guest conductor, following Guenther Herbig, 1979 to 1981, and Pinchas Zukerman, 1993 to 1995.



Admirers of Linda McCartney outside the service.

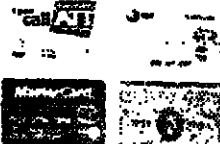


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